



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

AGENDA – REGULAR MEETING

Date: January 18, 2006

Time: Closed Session 5:30 p.m.
Regular Meeting 7:00 p.m.

For information regarding this Agenda please contact:

Susan J. Blackston

City Clerk

Telephone: (209) 333-6702

NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

- a) Actual litigation: Government Code §54956.9(a); one case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al.; United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- b) Actual litigation: Government Code §54956.9(a); one case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- c) Actual litigation: Government Code §54956.9(a); one case; City of Lodi v. Michael C. Donovan, an individual; Envision Law Group, LLP, et al., San Francisco Superior Court, Case No. CGC-05-441976
- d) Actual Litigation: Government Code §54956.9(a); one case; Citizens for Open Government v. City of Lodi et al., San Joaquin County Superior Court, Case No. CV026002
- e) Actual Litigation: Government Code §54956.9(a); one case; Lodi First, a California non-profit unincorporated association v. City of Lodi Community, by and through the City Council et al., San Joaquin County Superior Court, Case No. CV025999

C-3 Adjourn to Closed Session

NOTE: THE FOLLOWING ITEMS WILL COMMENCE NO SOONER THAN 7:00 P.M.

C-4 Return to Open Session / Disclosure of Action

A. Call to Order / Roll call

B. Invocation – Pastor Mark Price, St. Paul's Lutheran Church

C. Pledge of Allegiance

D. Presentations

- D-1 Awards – None
- D-2 Proclamations – None
- D-3 Presentations

- a) Presentation of Certificate of Appreciation to Maxine Cadwallader, Revenue Manager, who is retiring after nearly 50 years of service to the City of Lodi

E. Consent Calendar (Reading; comments by the public; Council action)

- E-1 Receive Register of Claims in the amount of \$6,314,616.60 (FIN)
- E-2 Approve minutes (CLK)
 - a) November 16, 2005 (Regular Meeting)
 - b) December 27, 2005 (Shirtsleeve Session)
 - c) January 3, 2006 (Shirtsleeve Session)
- E-3 Receive quarterly report of purchases between \$5,000 and \$20,000 (FIN)
- E-4 Report of the sale of scrap metal (EUD)
- E-5 Report of the sale of surplus equipment (PW)
- E-6 Accept improvements under contract for Lighted Crosswalk/Flashing Beacon Project on Elm Street at Loma Drive and at Mills Avenue and on Mills Avenue at Various Locations (PW)
- Res. E-7 Adopt resolution accepting improvements at Lakeshore Properties, Tract No. 3515 (PW)
- Res. E-8 Adopt resolution approving final map and improvement agreement for Winchester Woods, Tract No. 3564 (PW)
- Res. E-9 Adopt resolution authorizing the City Manager to amend the 2005-06 Transportation Development Act claim increasing the Local Transportation Fund Article 8 capital funding to \$695,878 for a total claim of \$2,937,121 (PW)
- Res. E-10 Adopt resolution authorizing the City Manager to negotiate and purchase three Type 2 Medium Bus (Dial-A-Ride) transit vehicles off of the State contract, authorizing conversion of the three vehicles to compressed natural gas, and appropriating funds (\$295,000) (PW)
- E-11 Approve Parks and Recreation staff recommendations on projects to be funded under the 2000 Park Bond Act Per Capita Grant program and allocate \$524,999 for the projects (PR)
- E-12 Authorize City Manager to submit grant applications(s) for PCE/TCE clean up (PW)
- Res. E-13 Adopt resolution amending the existing Lodi Energy Efficient Home Improvement Rebate Program, removing windows as an eligible rebate element and adding wall insulation as an eligible rebate element (EUD)
- Res. E-14 Adopt resolution authorizing the City Manager to allocate a Public Benefits Program rebate to Myers & Eby Property Management for a demand-side management project (\$9,004.50) (EUD)

F. Comments by the public on non-agenda items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted. Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

G. Comments by the City Council Members on non-agenda items

H. Comments by the City Manager on non-agenda items

I. Public Hearings – None

J. Communications

- J-1 Claims filed against the City of Lodi – None
- J-2 Appointments
 - a) Post for expiring terms on the Lodi Improvement Committee (CLK)
- J-3 Miscellaneous
 - a) Monthly Protocol Account Report (CLK)

K. Regular Calendar

- Res. K-1 Adopt resolution approving the Market Cost Adjustment (MCA) level for customers receiving Medical Rider discounts, review and provide preliminary and non-binding policy direction regarding electric rate design/structure for future adjustments to base rates by transferring rates from MCA charges to Base Rate charges, and set public hearing for February 1, 2006, to review permanent rate structure (EUD)
- Res. K-2 Receive report on risk management policies and adopt resolution approving policy entitled, "*City of Lodi Energy Risk Management Policies*" (EUD)
- Res. K-3 Adopt resolution authorizing the City Manager and Electric Utility Director to procure energy requirements through fiscal year 2007 at an amount not to exceed \$39.8 million (EUD)
- Res. K-4 Consider resolution authorizing the City Manager to enter into: 1) a Blue Shield/Reynolds Ranch Annexation Application Reimbursement Agreement and 2) a contract with Willdan to provide engineering/planning support services for a General Plan Amendment, Pre-Zoning, Master Plan/Development Plan, Annexation, and Environmental Impact Report for an approximate 220-acre area up to a half mile south of Harney Lane between State Route 99 and the Union Pacific Railroad for a 20-acre Blue Shield office, an approximate 41-acre regional/community shopping center, and approximately 142 acres of residential uses at a variety of densities and types with a potential 10-acre school site, 29 acres of open space, and a 1-acre fire station (CD)
- Ord. K-5 Introduce ordinance amending Lodi Municipal Code Title 12 – Streets, Sidewalks, and Public Places, by adding Chapter 12.03, "Sidewalks" to place liability on the adjoining property owner as permitted under state law (CA)
(Introduce)
- Ord. K-6 Introduce ordinance amending Lodi Municipal Code Title 12 – Streets, Sidewalks, and Public Places, by adding Article VI, "Waterfowl and Migratory Birds" to prohibit the feeding of any waterfowl or migratory birds in any public park or on any public lake (PR/CA)
(Introduce)
- Res. K-7 Adopt resolution establishing and adjusting rental fees for Parks and Recreation facilities (PR)
- Res. K-8 Adopt resolution establishing and adjusting rental fees for Hutchins Street Square (COM)
- Res. K-9 Adopt resolution approving amendment to San Joaquin Council of Governments Joint Powers Agreement to add two additional voting members to the Board, one each from the San Joaquin County Board of Supervisors and the City of Stockton (PW)
- K-10 Approve expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation and various other cases being handled by outside counsel (\$94,880.75) and approve Special Allocation covering general litigation matter expenses (\$2,324.93) (CA)

L. Ordinances – None

M. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Susan J. Blackston
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Presentation of Certificate of Appreciation to Maxine Cadwallader, Revenue Manager, Who is Retiring after nearly 50 Years of Service to the City of Lodi

MEETING DATE: January 18, 2006

PREPARED BY: City Clerk

RECOMMENDED ACTION: That Mayor Hitchcock present a Certificate of Appreciation to Maxine Cadwallader, Revenue Manager, who is retiring after nearly 50 years of service to the City of Lodi.

BACKGROUND INFORMATION: Maxine Cadwallader, Revenue Manager, has announced her retirement from the City of Lodi after nearly 50 years of dedicated service to this community. Mayor Hitchcock will present a Certificate of Appreciation to Ms. Cadwallader in recognition of her professionalism and exemplary conduct as a representative of the City of Lodi.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Susan J. Blackston
City Clerk

APPROVED: _____
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Register of Claims Dated December 30, 2005 in the Amount of \$6,314,616.60

MEETING DATE: January 18, 2006

PREPARED BY: Management Analyst

RECOMMENDED ACTION: That the City Council receives the attached Register of Claims. The disclosure of the PCE/TCE expenditures is shown as a separate item on the Register of Claims.

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of \$6,314,616.60 dated 12/30/2005 which includes no PCE/TCE payments and Payroll in the amount of \$1,139,017.57.

FISCAL IMPACT: n/a

FUNDING AVAILABLE: As per attached report.

Ruby R Paiste, Interim Finance Director

RRP/kb

Attachments

APPROVED: _____
Blair King, City Manager

Accounts Payable	Page	-	1
Council Report	Date	- 12/30/05	
As of	Fund	Name	Amount
Thursday			

12/22/05	00100	General Fund	546,985.27
	00123	Info Systems Replacement Fund	1,077.76
	00160	Electric Utility Fund	4,679,771.24
	00161	Utility Outlay Reserve Fund	2,137.12
	00164	Public Benefits Fund	10,429.69
	00170	Waste Water Utility Fund	16,248.76
	00180	Water Utility Fund	3,486.88
	00182	IMF Water Facilities	2,496.57
	00190	Central Plume	65,625.00
	00210	Library Fund	5,775.07
	00234	Local Law Enforce Block Grant	983.04
	00235	LPD-Public Safety Prog AB 1913	56.03
	00270	Employee Benefits	6,774.13
	00301	Other Insurance	3,023.00
	00310	Worker's Comp Insurance	16,371.58
	00340	Comm Dev Special Rev Fund	3,442.06
	01250	Dial-a-Ride/Transportation	134,012.53
	01410	Expendable Trust	1,630.71

Sum			5,500,326.44
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Total for Week

Sum			5,500,326.44
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Accounts Payable	Page	-	1
Council Report	Date	- 12/30/05	
As of	Fund	Name	Amount
Thursday			

12/29/05	00100	General Fund	391,972.83
	00123	Info Systems Replacement Fund	324.33
	00160	Electric Utility Fund	1,207.67
	00161	Utility Outlay Reserve Fund	6,204.25
	00164	Public Benefits Fund	100.44
	00170	Waste Water Utility Fund	10,433.38
	00172	Waste Water Capital Reserve	216,668.00
	00180	Water Utility Fund	428.04
	00190	Central Plume	19,500.00
	00210	Library Fund	9,273.08
	00234	Local Law Enforce Block Grant	863.76
	00270	Employee Benefits	20,364.31
	00325	Measure K Funds	117,785.97
	00340	Comm Dev Special Rev Fund	5,749.54
	01211	Capital Outlay/General Fund	5,089.48
	01250	Dial-a-Ride/Transportation	3,465.62
	01410	Expendable Trust	4,859.46

Sum			814,290.16
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Total for Week

Sum			814,290.16
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Payroll	Pay Per Date	Co	Name	Gross Pay
Regular	12/18/05	00100	General Fund	834,894.24
		00160	Electric Utility Fund	147,117.70
		00164	Public Benefits Fund	5,023.94
		00170	Waste Water Utility Fund	73,798.73
		00180	Water Utility Fund	8,800.37
		00183	Water PCE-TCE	70.00
		00210	Library Fund	30,830.41
		00340	Comm Dev Special Rev Fund	35,630.01
		01250	Dial-a-Ride/Transportation	2,852.17

Pay Period Total:				
Sum				1,139,017.57



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Minutes
a) November 16, 2005 (Regular Meeting)
b) December 27, 2005 (Shirtsleeve Session)
c) January 3, 2006 (Shirtsleeve Session)

MEETING DATE: January 18, 2006

PREPARED BY: City Clerk

RECOMMENDED ACTION: That the City Council approve the following minutes as prepared:
a) November 16, 2005 (Regular Meeting)
b) December 27, 2005 (Shirtsleeve Session)
c) January 3, 2006 (Shirtsleeve Session)

BACKGROUND INFORMATION: Attached are copies of the subject minutes, marked Exhibits A through C.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Susan J. Blackston
City Clerk

SJB/JMP

Attachments

APPROVED: _____
Blair King, City Manager

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, NOVEMBER 16, 2005**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of November 16, 2005, was called to order by Mayor Beckman at 6:00 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Conference with Blair King (Acting Labor Negotiator) regarding International Brotherhood of Electrical Workers, pursuant to Government Code §54957.6
- b) Actual litigation: Government Code §54956.9(a); one case; *People of the State of California; and the City of Lodi, California v. M & P Investments, et al.*; United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- c) Actual litigation: Government Code §54956.9(a); one case; *Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al.*, Superior Court, County of San Francisco, Case No. 323658
- d) Prospective sale or lease of real property located at 2 East Lodi Avenue, Lodi, CA (APN 045-310-01), known as Maple Square, owned by the City of Lodi, California; Government Code §54956.8

C-3 ADJOURN TO CLOSED SESSION

At 6:00 p.m., Mayor Beckman adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 7:10 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:14 p.m., Mayor Beckman reconvened the City Council meeting, and City Attorney Schwabauer announced that no reportable action was taken in closed session.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of November 16, 2005, was called to order by Mayor Beckman at 7:14 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

B. INVOCATION

The invocation was given by Major Frank Severs, Lodi Salvation Army.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Beckman.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 (a) Following introduction by Community Improvement Manager, Joseph Wood, Mayor Beckman presented the Community Improvement Award to Ben and Geraldine Osburn, owners of Ben's Appliance Lighthouse & Hearth, located at 1535 S. Cherokee Lane, for their improvements to the property.

D-2 Proclamations – None

D-3 Presentations – None

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Mounce, Beckman second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

E-1 Claims were approved in the amount of \$5,647,448.23.

E-2 The minutes of October 5, 2005 (Regular Meeting), October 5, 2005 (Special Joint Meeting w/Redevelopment Agency), and October 19, 2005 (Regular Meeting) were approved as written.

E-3 "Adopt resolution approving the City of Lodi annual investment policy and internal control guidelines" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

E-4 Adopted Resolution No. 2005-238 approving specifications, authorizing bids for Blakely Pool Alarm, 1050 S. Stockton Street, and authorizing the City Manager to award or reject the contract up to an estimated \$16,000.

E-5 Adopted Resolution No. 2005-239 approving the purchase of mobile computing equipment acquired through the Code Enforcement Grant Program and appropriating funds in the amount of \$36,695.50.

E-6 Received for informational purposes Contract Change Order No. 1 – Lodi Avenue Overlay (Lower Sacramento Road to Ham Lane) / Pacific Avenue Extension (Walnut Street to Lodi Avenue) in the amount of \$41,742.

E-7 "Accept improvements under contract for Lighted Crosswalk System Project, Lockeford Street at Calaveras Street" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

E-8 "Adopt resolution accepting improvements under contract for Streetlight Completion Project – Phase IV" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

E-9 Adopted Resolution No. 2005-240 accepting improvements in Woodhaven Park, Unit No. 3, Tract 3187.

E-10 Adopted Resolution No. 2005-241 accepting \$100,000 from San Joaquin County via the State of California's Supplemental Law Enforcement Services Fund.

E-11 "Adopt resolution authorizing the City Manager to approve service agreement with the San Joaquin Partnership for economic development attraction and retention support (\$27,000)" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

- E-12 Adopted Resolution No. 2005-242 supporting the establishment of the San Joaquin Valley Veterans Administration Regional Medical Clinic at French Camp.
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ACTION ON ITEMS REMOVED FROM THE CONSENT CALENDAR

- E-3 “Adopt resolution approving the City of Lodi annual investment policy and internal control guidelines”

Council Member Hansen mentioned that he recently attended a training session at which it was recommended that a reporting system be instituted that enables a clear understanding by Council Members of the financial barometers of the City’s General Fund and its utilities. He suggested that the Finance Director give quarterly presentations to Council.

Finance Director Krueger noted that staff has been giving quarterly verbal and written reports to Council regarding the utilities.

Council Member Mounce asked that this topic be brought back for further discussion at a Shirtsleeve Session. She preferred that benchmarking, financial analyses, and ratio numbers be used for all accounts.

Mayor Pro Tempore Hitchcock concurred with Ms. Mounce. She recalled having previously asked for financial ratios and data for statistical comparisons and was told there were no ratios for government agencies.

Mr. Krueger replied that there are ratios for utility/enterprise funds; however, standards for other governmental funds are not as clearly defined. There are ways to make comparative ratios analyses between other agencies that have similar operations. He noted that it is also helpful to see historical trends.

Council Members Johnson and Hansen asked that, rather than receiving the annual audit report (which is difficult to decipher and does not provide meaningful information), staff verbally present information on the financial condition of the City on a quarterly basis.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Johnson second, unanimously adopted Resolution No. 2005-243 approving the City of Lodi annual investment policy and internal control guidelines.

- E-7 “Accept improvements under contract for Lighted Crosswalk System Project, Lockeford Street at Calaveras Street”

Mayor Pro Tempore Hitchcock explained that she would vote against this item because she felt that \$50,000 crosswalks set a “terrible” precedent for future costs in the City.

MOTION:

Council Member Mounce made a motion, Beckman second, to accept the improvements under “Lighted Crosswalk System Project, Lockeford Street at Calaveras Street” contract.

DISCUSSION:

In answer to Council Member Johnson, City Attorney Schwabauer noted that many other cities are using lighted crosswalks in areas that they consider to be particularly vulnerable; consequently, “the standard” (for all cities) is being set by the use of this technology.

Council Member Hansen expressed his opinion that the cost for lighted crosswalks is money well spent for the safety of school children.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, Mounce, and Mayor Beckman

Noes: Council Members – Hitchcock

Absent: Council Members – None

- E-8 “Adopt resolution accepting improvements under contract for Streetlight Completion Project – Phase IV”

Mayor Pro Tempore Hitchcock explained that while she did not object to streetlights being installed, she felt that, as presented, it was a misuse of Capital Improvement Program funds and she would vote against the matter for that reason.

MOTION / VOTE:

The City Council, on motion of Council Member Mounce, Hansen second, adopted Resolution No. 2005-244 accepting the improvements under “Streetlight Completion Project – Phase IV” contract. The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, Mounce, and Mayor Beckman

Noes: Council Members – Hitchcock

Absent: Council Members – None

- E-11 “Adopt resolution authorizing the City Manager to approve service agreement with the San Joaquin Partnership for economic development attraction and retention support (\$27,000)”

At the request of Council Member Mounce, Council Member Johnson (who serves on the San Joaquin Partnership Board of Directors) reported that the Partnership is a public-private organization comprised of representatives from all cities in San Joaquin County, a county representative, and major employers in the County. Its objective is economic development, e.g. retaining and increasing jobs and bringing new businesses to the region. Mr. Johnson believed that the work of the Partnership benefited Lodi and he supported the service agreement.

Council Member Hansen suggested that a report be made by a representative of the Partnership regarding what specific work it has done for Lodi during the past year.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, unanimously adopted Resolution No. 2005-245 authorizing the City Manager to approve service agreement with the San Joaquin Partnership in the amount of \$27,000 for economic development attraction and retention support.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Linda Martin, Co-Chair of the 2005 Parade of Lights, announced that the event would be held December 1. She reported that 74 float entries had been received to date for the event, which draws over 40,000 attendees.
- Carey Vanderkar, representing the Hospice of San Joaquin, invited everyone to attend the 13th Annual Tree of Lights ceremony on December 1.
- Jerry Glenn, Board Member of Lodi Adopt-A-Child, reported that 1,500 children are on the Christmas “wish list” this year and he encouraged Council and all members of the public to participate.

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Johnson complimented the Lodi All Veterans Plaza Foundation for coordinating an excellent community Veterans Day program. He noted that the Foundation is selling Christmas tree ornaments as a fundraiser and asked if they could be sold at City Hall. Mr. Johnson recalled asking previously that the topic of pension benefits be scheduled for discussion at a Council meeting and mentioned again that he would like this to occur.
- Mayor Beckman concurred with Mr. Johnson's request to have the topic of pension benefits discussed at a future Council meeting.
- Council Member Mounce thanked the Lodi Police Partners volunteers for their work.
- Council Member Hansen commented on the following:
 - 1) One of the issues discussed in Sacramento during review of the Annual Legislative Report was telecommunication and the potential for broadband. He distributed information to Council on the topic, which included an article from Western Cities magazine.
 - 2) He urged all citizens to include emergency contacts in their cell phone address book under the acronym 'ICE' (In Case of Emergency) to aid public safety and medical personnel in instances where an individual is incapacitated.
 - 3) He reiterated his previous request to agendize the topic of whether or not to sell Lodi's Electric Utility and emphasized that he was strongly opposed to the idea.
- In response to Mr. Hansen's third comment, Council Member Johnson stated that he was opposed to placing the matter on a future agenda, as he felt it was not necessary to discuss it.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

None.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider appeal of the Planning Commission's decision to deny the request of Kirk Smith on behalf of Velvet Grill for a Use Permit (U-05-011) to allow a Type 41 Alcoholic Beverage Control license for on-sale beer and wine with a restaurant at 1421 South Ham Lane, Suite A.

Community Development Director Hatch reported that at the August 10 Planning Commission meeting, at which consideration of Use Permit U-05-011 was made, a resident near the Velvet Grill restaurant spoke about a history of noise and poor management at the establishment. The applicant was not present at that meeting to answer questions by the Commission, so the hearing was continued to September 14. On that date, staff presented police reports to the Commission, which indicated there were no recent problems at the restaurant. An assistant manager was present at the meeting; however, he was unprepared to answer questions posed by Commissioners who then denied the request based upon a lack of information to make a positive determination. Subsequently, Kirk Smith, representing the Velvet Grill, filed an appeal. The City Council is now asked to determine if the request to allow on-sale beer and wine at the restaurant is compatible with surrounding merchants and residential uses.

Hearing Opened to the Public

- Kirk Smith stated that he has operated three other Velvet Grill restaurants for 15 years, all of which have beer and wine licenses. The processes to obtain those licenses were not as involved as what has occurred in Lodi, and consequently he did not understand the need to personally appear at the Planning Commission public hearing(s). He reported that the Velvet Grill has been operating for 20 years in Lodi as a franchise. Mr. Smith took over the business in June 2004 and he stated that any issues related to noise or improper management took place prior to that time.

Mayor Beckman believed that his residence was within 200 to 300 yards of Velvet Grill and asked whether this presented a conflict of interest, to which City Attorney Schwabauer replied in the affirmative.

NOTE: Mayor Beckman recused himself and left the dais. Mayor Pro Tempore Hitchcock assumed the presiding officer position.

Council Member Mounce asked whether the Lodi Improvement Committee had objections to this request.

Mr. Hatch replied that the Committee had not considered the matter, as it received only ABC license applications that pertained to businesses located in the east side of Lodi, though in the future, the Committee will receive copies of all applications.

In answer to Mayor Pro Tempore Hitchcock, Mr. Smith reported that when he initially paid the \$1,000 fee to the City, staff had informed him it would be processed as soon as possible. He was out of town at the time of the September 14 Planning Commission meeting and was told that his assistant could attend in his place. He stated that persons 18 years of age and over can serve beer and wine. He has two employees at the Velvet Grill under the age of 18.

- Jonathan Miller stated that the concerns he voiced at the Planning Commission meeting were primarily related to incidences that occurred with previous owners of the business. He stated that there have been only minor noise related situations that have taken place since then, which were caused by employees of the establishment. He expressed concern about underage employees and questioned the amount of oversight that would take place with a restaurant that is not managed on site.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Council Member Johnson, Hansen second, adopted Resolution No. 2005-246 overruling the Planning Commission's decision and approving the request of Kirk Smith on behalf of the Velvet Grill for a Use Permit (U-05-011) to allow a Type 41 Alcoholic Beverage Control license for on-sale beer and wine with a restaurant at 1421 South Ham Lane, Suite A, subject to the conditions as previously recommended by staff to the Planning Commission. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Johnson, and Mounce
Noes: Council Members – None
Absent: Council Members – None
Abstain: Council Members – Mayor Beckman

RECESS

At 8:35 p.m., Mayor Pro Tempore Hitchcock called for a recess, and the City Council meeting reconvened with Mayor Beckman presiding at 8:48 p.m.

City Attorney Schwabauer stated that Mayor Beckman is employed as the Director of Government Affairs for the Building Industry Association (BIA) of the Delta. The BIA, through its Executive Director, is on the commission that gave the San Joaquin Council of Governments advice and recommended that the BIA program for the Regional Transportation Impact Fee be approved. Mr. Schwabauer believed that a conflict of interest might exist and recommended that Mayor Beckman recuse himself from participation in Item K-1.

NOTE: At 8:49 p.m. Mayor Beckman recused himself and left the dais. Mayor Pro Tempore Hitchcock assumed the presiding officer position.

J. COMMUNICATIONS

J-1 Claims filed against the City of Lodi – None

J-2 The following postings/appointments were made:

NOTE: Mayor Beckman had not yet returned to the Council dais and was, therefore, absent during the discussion and action on the following matter.

a) The City Council, on motion of Council Member Hansen, Mounce second, made the following appointment by the vote shown below:

Ayes: Council Members – Hansen, Hitchcock, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Beckman

Lodi Arts Commission

Nancy Carey

Term to expire July 1, 2006

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 “Review Regional Transportation Impact Fee report and provide direction regarding future implementation”

NOTE: Due to a conflict of interest related to his employment at the Building Industry Association of the Delta, Mayor Beckman abstained from discussion and voting on this matter.

Andrew Chesley, Interim Executive Director of the San Joaquin Council of Governments (SJCOG), reported that in 1990 when the Measure K half-cent sales tax was passed by the voters it included a provision which said it was the intent of the ordinance that a Regional Transportation Impact Fee (RTIF) would be developed and brought forward for implementation during the life of the project. In 2004 the SJCOG Board agreed that an effort be put into place with a target of June 2005. A Policy Advisory Committee was formed to develop a recommendation. The firm of Pennino & Associates was hired to help facilitate the effort of building a consensus. A recommendation was brought to SJCOG in June and was adopted in October. The San Joaquin Partnership, Building Industry Association of the Delta, and the Business Council all supported the adoption of the RTIF fee program.

Phil Pennino reported that the Advisory Committee was established in January 2005 and was comprised of 28 representatives from the business community, developers, elected officials, and the environmental community. The Committee met for a period of six months. He explained that 75% of the fees collected in Lodi would remain in the City for its regional transportation eligible projects. Of the remaining 25%, 10% would go to the County for use on countywide transportation projects and 15% would go to SJCOG for regional projects (i.e. 10% to highways and 5% to transit projects). Eligible projects in the Lodi area include: State Route Highway 12 and the interchange on Kettleman Lane, reconstruction of the interchange on State Route 99 and Harney Lane, and Harney Lane from two to four lanes from Highway 99 to Lower Sacramento Road.

In reply to Council Member Hansen, Mr. Pennino confirmed that the Council could change its project priorities or add to the projects.

Mike Swearingen, SJCOG Senior Regional Planner, explained that the operating agreement was the binding document between all the participating agencies that set the rules for universal implementation of the program throughout the region. Key elements include the means to address any legal challenges, accountability, the need for an independent audit,

semi-annual and annual reports, and distribution of fees collected between the participating agencies. The RTIF ordinance authorizes the uniform framework and overarching procedures for the program including fee rate calculation, collection, administration, expenditure of the fees, accounting, and the need to reconcile the RTIF program with any other existing impact fee programs implemented by the City. The RTIF technical report provides the necessary documentation and nexus analysis to support the adoption of the RTIF. The report includes the means to establish a legal, defensible, rational nexus based on the project costs that are attributable to new development. There are 120 eligible RTIF projects in the program and a defined regional transportation network.

Council Member Johnson asked if there was an opportunity to leverage the funds, rather than waiting for them to accumulate.

Mr. Chesley responded in the affirmative and explained that the SJCOG Board adopted policies that allow Measure K dollars to be loaned for transportation projects. There is an opportunity to leverage and borrow, if necessary, to move projects ahead of when they would normally occur.

Council Member Johnson mentioned that the San Joaquin Partnership has expressed concern that the area's advantage in attracting businesses decreases as fees are increased. He asked what would happen to the RTIF money if Measure K was not renewed.

Mr. Chesley replied that the RTIF program is not contingent upon Measure K being renewed; however, the ability to deliver the projects is greatly enhanced by the renewal of the Measure K program. He noted that SJCOG has existed since 1967 and Measure K was passed in 1990. The SJCOG is responsible for allocating \$100 million each year in transportation funding and Measure K accounts for \$42 million of that amount.

Public Works Director Prima noted that the fee would be increased automatically each year according to the Engineering News Record index and there is a provision for administrative costs.

PUBLIC COMMENTS:

- Ron Addington, President of the Business Council, spoke in support of the RTIF program and mentioned that the business community will need to raise \$1 million toward the campaign to renew Measure K.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Johnson second, directed staff to pursue implementation of the RTIF by bringing back an ordinance for consideration, introduction, and adoption, and, with adoption, the RTIF operating agreement and fee resolution. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – None

Abstain: Council Members – Mayor Beckman

NOTE: Mayor Beckman resumed his position as presiding officer.

K-2 “Adopt resolution establishing Market Cost Adjustments to be effective December 2, 2005”

Interim Electric Utility Director Dockham noted that the recommendations for Market Cost Adjustments (MCA) that were made originally have been modified over time as a result of community input and Council deliberation. He recalled that on October 18 the financial condition of the Electric Utility was reviewed and it was pointed out that the power costs this year had risen by 29% over last year, due in large part to the hurricanes in the natural

gas producing regions of the United States. The Utility had been operating in a deficit condition since fiscal year 2003. Expenses were exceeding revenue by \$9.2 million and, if a MCA was not done, the Utility would completely deplete its balances this year. Each month of delay in implementing a MCA would result in an additional \$800,000 loss and equate to a 1.2% higher electric rate increase to customers. On October 19, large industrial customers complained about the exorbitant amount of the increase and short notice given to them. It was emphasized that the electric rate increase would significantly and adversely affect their planning and budgeting processes. Council then expressed its preference that staff's recommended MCA to industrial customers be reduced by 50%. As part of staff's overall recommendation, it was also suggested that there be some rate decreases, to which Council expressed its preference that the decreases be eliminated. On November 2, Council adopted Ordinance 1765. At that time, staff noted that the 50% reduction for industrial (I-1 class) customers would result in a \$1.5 million shortfall from the goal that was attempted to be achieved. Council expressed its preference that \$500,000 (of the shortfall) be collected from the 71% of residential (EA class) customers that would otherwise have not received a rate increase. This resulted in tonight's proposal that 87% of the customers will get a 9% increase, 7% will receive a 10% to 20% increase, and a small number of customers will see a 25% or higher increase. The remaining \$1 million shortage is to be collected by identifying other savings throughout the City or other revenue sources and presented to Council as part of the mid-year budget adjustment process. He noted that a "blue sheet" was distributed of the proposed resolution and MCA schedule (filed). In addition, a MCA schedule with a reduction to mobile home rate increases from \$31 per pad to an average of \$3.18 per month was distributed for Council's consideration (filed). Mr. Dockham stated that 19,000 residential customers currently receive an average monthly electric bill of \$85 and after the proposed MCA is applied it will increase to \$98. There will be no further MCA for the industrial class customers through the end of this fiscal year. Staff has begun working on a long-term financial plan and cost of service study. The goal is to set the base rate in line with what actual costs are. Staff expects there will be little or no increases as a result of the subsequent "truing up" of electric rates. Historical policies that have been imbedded in the rate design will be evaluated and an updated rate design will be brought forward for Council's consideration at a later time.

Council Member Hansen was in support of the recommendation to reduce mobile home increases from \$31 per pad to an average of \$3.18 per month. He mentioned that some of the large businesses are paying for a study, which will identify the value of jobs in the Lodi community. He felt this issue was a policy matter for Council to consider in terms of future rates or a credit. He stated that the Council does value large businesses and recognizes the overall contribution they bring to the City. He mentioned that the Lodi Electric Utility is very reliable, which is the most important factor to its customers.

Mayor Pro Tempore Hitchcock pointed out that the recommended action tonight still leaves a \$1 million shortfall. She was willing to give industrial customers a year to work on planning and budgeting for their electric costs; however, she was opposed to a continued subsidy to the extent these businesses have been receiving, as she felt the burden was too great on residential customers. She suggested that as much as possible of the \$1 million shortfall be taken from the service area of Electric Utility.

Council Member Johnson warned that the City cannot afford to lose too many jobs.

PUBLIC COMMENTS:

- Bill Crow stated that The Record newspaper reported that if Lodi had waited two more weeks the electric rates would have decreased from 10 cents to 7 cents a kilowatt hour, which would have saved several million dollars. He suggested Council take 30% from the salaries of the City Manager and Interim Electric Utility Director for having made the recommendation to purchase power when they did. He asked what happened to the \$23 million in surplus money that the Utility once had.

Council Member Hansen explained that the daily electric rate is different from the long-term rate and the newspaper had made an unfair comparison. In reference to the \$23 million surplus, Mr. Hansen reported that it was used to pay for increases in Electric Utility costs.

- Pat Patrick, President of the Chamber of Commerce, stated that large industrial customers are concerned that something be done by the City to ensure this situation does not reoccur, i.e. large unexpected rate increases with little warning. In addition, they would like to know whether a policy change has, or will take place, in regard to economic/electric rate incentives for businesses in the community.

Mayor Beckman explained that he has consistently voted against staff's recommended rate proposals because he is opposed to the many different tiered structure system that has been designed and he would vote against the matter tonight for the same reason.

Council Member Mounce voiced her opinion that there should be additional incentives for businesses and low income residents.

MOTION:

Mayor Pro Tempore Hitchcock made a motion, Hansen second, to adopt Resolution No. 2005-247 establishing Market Cost Adjustments, as amended, to be effective December 2, 2005.

DISCUSSION:

In answer to Council Member Hansen, Mayor Beckman further explained that, in his opinion, there is a simpler and fairer way of charging electric rates than the 36 different tiers now proposed. He felt that to vote in favor of this would be to perpetuate an unfair rate system. He noted that the low-income discount programs would be placed on the November 2006 ballot for voters' consideration.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, and Johnson

Noes: Council Members – Mounce and Mayor Beckman

Absent: Council Members – None

K-3 "Review conceptual Water Meter Retrofit Program" was ***pulled from the agenda.***

K-4 "Approve "Will Serve" letter for potential Northern California Power Agency power plant project at White Slough Water Pollution Control Facility"

Bryan Bertacchi, Assistant General Manager of the Northern California Power Agency (NCPA), reported that 90% of the energy NCPA produces is from renewable resources. Larger plants use less fuel, are more environmentally friendly, and are more cost efficient. It is estimated that the cost savings on a larger plant is \$10 a megawatt hour. A gas fired resource is always reliable. NCPA proposes to add a one by one natural gas fired combined cycle plant, which requires 26% less fuel to generate each kilowatt of energy. It is planned to be on line by February 2009. The total cost of the plant is estimated at \$212 million, which includes 5% contingency, all development costs, and the purchase of admission reduction credits.

Council Member Hansen noted that the cost to Lodi would be \$233,000 for Phase 2A and \$1 million for Phase 2B.

Mr. Bertacchi reported that NCPA is ready to move forward on a \$2.6 million application process to the California Energy Commission. The Phase 1 fatal flaw analysis has been completed. Phase 2B requires \$13 million to fully acquire the emission reduction credits for the project and begin the detailed engineering required to be able to start construction

on schedule. The stack height for this type of project is 130 feet. Small easements or additional land lease near the power plant site may be needed to get to the western transmission line. A temporary "lay down" area of ten acres will be needed during the two-year construction period. It is anticipated that 350 construction jobs will be created for the two-year project and nine full-time permanent positions will be created. Lodi owns 39.5% of the existing facility, which is 50 megawatts. The new plant will be 255 megawatts. Labor costs for the existing facility are \$2.5 million and Mr. Bertacchi estimated that the proposed plant could reduce labor costs by 17%. He stated that, with this project, Lodi would either have reduced expenses or increased revenue of \$1 million annually. There is also a potential of "behind the meter" energy savings worth \$2 million a year.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously approved the "Will Serve" letter for potential Northern California Power Agency power plant project at White Slough Water Pollution Control Facility.

- K-5 "Review proposed wastewater capacity fee, provide direction, and set public hearing for January 4, 2006, to consider adoption of the fee" was ***pulled from the agenda.***

- K-6 "Approve expenses incurred by outside counsel relative to the Environmental Abatement Program litigation (\$55,420.03)"

City Attorney Schwabauer reviewed outside counsel expenses as outlined in the staff report (filed).

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Beckman second, unanimously approved expenses incurred by outside counsel relative to the Environmental Abatement Program litigation, in the amount of \$55,420.03, as detailed below:

Matter No.	Invoice No.	Date	Description	Total Amount
8002	90867	09/30/05	People v M&P Investments	\$14,714.88
				(1,306.50)
8003	90871	08/31/05	Hartford Insurance Coverage Litigation	\$ 9,378.54
8006	90869	08/31/05	Fireman's Fund/Unigard Appeal	\$12,922.18
8008	90868	08/31/05	Envision Law Group	<u>\$19,710.93</u>
				\$55,420.03

L. ORDINANCES

- L-1 Following reading of the title of Ordinance No. 1766 entitled, "An Ordinance of the Lodi City Council Amending the Official District Map of the City of Lodi and Thereby Rezoning 1380 Westgate Drive (APN 027-420-09) from R-2, Residential Single Family, to PD(37), Planned Development Number 37, for Luca Place," having been introduced at a regular meeting of the Lodi City Council held November 2, 2005, the City Council, on motion of Council Member Mounce, Beckman second, waived reading of the ordinance in full and adopted and ordered it to print by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Johnson, Mounce, and
Mayor Beckman

Noes: Council Members – None

Absent: Council Members – None

Abstain: Council Members – None

Continued November 16, 2005

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:07 p.m.

ATTEST:

Susan J. Blackston
City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 27, 2005**

The December 27, 2005, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Susan J. Blackston
City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JANUARY 3, 2006**

The January 3, 2006, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Susan J. Blackston
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Quarterly Report of Purchases Between \$5,000 and \$20,000

MEETING DATE: January 18, 2006

PREPARED BY: City Manager

RECOMMENDED ACTION: Information only. This report is made to the City Council in accordance with Lodi Municipal Code §2.12.060.

BACKGROUND INFORMATION: During the 4th calendar quarter of 2005 the following purchases were awarded. Background information for each purchase is attached as Exhibits A through K.

Date	Contractor	Project	Award Amt.
10/07/05	Camellia Valley Supply	Storm Drain Line Extension	\$ 6,115.89
10/12/05	M.P.C. LLC	Purchase of Replacement PCs	\$ 5,633.62
10/17/05	Western States Electric	Electric Inventory Replenishment	\$ 5,950.51
10/25/05	G E Supply Company	Electric Inventory Replenishment	\$12,391.25
10/26/05	Southwest Power Inc	Electric Inventory Replenishment	\$ 6,572.11
11/01/05	InfoUSA Gov't Division	Research Database License	\$ 6,602.00
11/17/05	Stephens McCarthy	Fiber Optic Cable Components	\$12,225.96
11/18/05	Econolite Control Prod.	Traffic Control Cabinet Replacement	\$12,367.34
11/18/05	Korean Prof. Bldg Maint.	Interim Janitorial Services	\$14,100.00
11/22/05	Odyssey Landscape Co.	2005 Annual Tree Planting	\$ 5,750.00
12/07/05	WAN / LAN Solutions	Network Infrastructure Upgrade	\$15,489.09

FISCAL IMPACT: Varies by project. Except for the traffic control cabinet replacement (to continue signal control following a traffic accident) all purchases were budgeted in the 2005-2006 Financial Plan.

FUNDING: Funding as indicated on Exhibits.

Blair King, City Manager

Prepared by Joel Harris, Purchasing Officer

cc: Deputy City Manager
Public Works Director
Electric Utility Director
Library Services Director
I S D Manager

APPROVED: _____
Blair King, City Manager

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Storm Drain Line Replacement
DEPARTMENT: Public Works - Wastewater/Streets Divisions
CONTRACTOR Camellia Valley Supply, Sacramento
AWARD AMOUNT: \$6,115.89
DATE OF RECOMMENDATION: October 7, 2005

BIDS OR PROPOSALS RECEIVED:

Camellia Valley Supply, Sacramento	\$6,115.89
Center State Pipe, Stockton	\$6,768.51

“NO BID” or NO RESPONSE RECEIVED:

Ferguson Enterprises, Stockton
Edward Walsh Company, Modesto

BACKGROUND INFORMATION & BASIS FOR AWARD:

This purchase of 240 feet of 12" PVC pipe is required for replacement of a collapsed storm drain at Elm Street and Rose Avenue.

Award based on low bid.

FUNDING: 170405.7352 Storm Drain Maintenance

Prepared by: Joel Harris

Title: Purchasing Officer

Purchase Order No. 14910

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Purchase of Replacement PCs
DEPARTMENT: Police
CONTRACTOR M P C, LLC, Nampa, Idaho
AWARD AMOUNT: \$5,633.62
DATE OF RECOMMENDATION: October 12, 2005

BIDS OR PROPOSALS RECEIVED:

M P C, LLC, Nampa, Idaho
(Ref: Resolution 2005-108)

\$5,633.62

“NO BID” or NO RESPONSE RECEIVED:

N/A

BACKGROUND INFORMATION & BASIS FOR AWARD:

Purchase of five PCs to replace obsolete equipment.

Purchased through Western States Contracting Alliance (WSCA), under authority of Lodi City Council Resolutions 2001-261 and 2005-108.

FUNDING: Federal Block Grant, Account 23411201

Prepared by: Joel Harris

Title: Purchasing Officer

Purchase Order No. 14933-000

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Electric Utility Inventory Replenishment
DEPARTMENT: Electric Utility
CONTRACTOR Western States Electric, Portland, OR
AWARD AMOUNT: \$5,950.51
DATE OF RECOMMENDATION: October 17, 2005

BIDS OR PROPOSALS RECEIVED:

Western States Electric, Portland	\$5,950.51
WESCO Distribution, San Leandro	\$6,705.05
Southwest Power, Benicia, CA	\$8,384.03

“NO BID” or NO RESPONSE RECEIVED:

BACKGROUND INFORMATION & BASIS FOR AWARD:

The underground distribution system components on this order are needed for installation of service to new residential and commercial customers, and are used for system repairs in the event of failure of existing components. The list consists of Loadbreak Elbow Receptacles, Protective Caps, 15kV Modules, and 15kV Bushing Well Inserts.

Recommend award to low bidder.

FUNDING: 160.1496 Electric Utility Inventory

Prepared by: Joel Harris

Title: Purchasing Officer

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Electric Utility Inventory Replenishment
DEPARTMENT: Electric Utility
CONTRACTOR G E Supply Company, North Highlands
AWARD AMOUNT: \$12,391.25
DATE OF RECOMMENDATION: October 25, 2006

BIDS OR PROPOSALS RECEIVED:

G E Supply Company, North Highlands	\$12,391.25
All Phase Electric Supply, Stockton	\$13,339.45

“NO BID” or NO RESPONSE RECEIVED:

Ace Supply Company, Emeryville
 General Pacific, Portland
 Kortick Manufacturing, San Leandro
 WESCO Distribution, San Leandro
 Intraline, Inc., Burlingame

BACKGROUND INFORMATION & BASIS FOR AWARD:

Luminaires (roadway lights) are being ordered in preparation for winter months when replacement instances are higher and chance for storm damage is greater. The pedestal bases are used on Cherokee Lane for replacement of damaged bases.

Award is based on low bid.

FUNDING: 160.1496 Electric Utility Inventory

Prepared by: Joel Harris

Title: Purchasing Officer

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Electric Utility Inventory Replenishment
DEPARTMENT: Electric Utility
CONTRACTOR Southwest Power, Inc., Benicia, CA.
AWARD AMOUNT: \$6,572.11
DATE OF RECOMMENDATION: October 26, 2005

BIDS OR PROPOSALS RECEIVED:

Southwest Power (Cutouts only)	► \$2,213.62
Kortick Manufacturing, San Leandro (Cutouts only)	\$2,223.96
Western States Electric, Portland (Cutouts only)	\$2,379.12
Southwest Power (Tap Assemblies and Lugs)	► \$4,358.49
Western States Electric (Tap Assemblies and Lugs)	\$4,498.56

“NO BID” or NO RESPONSE RECEIVED:

All Phase Electric Supply, Stockton
 Ace Supply Company, Emeryville
 G E Supply Company, North Highlands
 General Pacific Inc., Portland
 WESCO Distribution, San Leandro
 Intraline, Inc., Burlingame

BACKGROUND INFORMATION & BASIS FOR AWARD:

Stock replenishment orders are generated by reorder points. Cutouts are ordered in full pallet quantities (48) for cost savings; this amount represents about a 5-month supply. Tap assemblies are used at the rate of three per residential customer and three per streetlight standard. Compression lugs are used in the distribution system for commercial customers.

Award is based on low bid.

FUNDING: 160.1496 Electric Utility Inventory

Prepared by: Joel Harris

Title: Purchasing Officer

Purchase Order No. 14982

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: License to Access Research and Reference Database
DEPARTMENT: Lodi Public Library
CONTRACTOR InfoUSA / Reference USA Government Division
AWARD AMOUNT: \$6,602.00
DATE OF RECOMMENDATION: November 1, 2005

BIDS OR PROPOSALS RECEIVED:
InfoUSA / ReferenceUSA, Omaha, NE

“NO BID” or NO RESPONSE RECEIVED:
N/A

BACKGROUND INFORMATION & BASIS FOR AWARD:

InfoUSA is the sole source for this license which allows Library computers with certain IP addresses to access a nationwide library reference and research database.

FUNDING: 210801.7308

Prepared by: Nancy Martinez

Title: Library Services Director

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: FIBER OPTIC CABLE INSTALLATION
DEPARTMENT: ELECTRIC UTILITY
CONTRACTOR STEPHENS, McCARTHY, LANCASTER LLC
AWARD AMOUNT: \$12,225.96
DATE OF RECOMMENDATION: NOVEMBER 17, 2005

BIDS OR PROPOSALS RECEIVED:

Stephens, McCarthy, Lancaster, LLC, Novato, CA

\$12,225.96

“NO BID” or NO RESPONSE RECEIVED:

Sole Source Supplier

BACKGROUND INFORMATION & BASIS FOR AWARD:

Six patch panels are required for the termination of fiber optic cables at each control building at Industrial, McLane and Henning substations. These panels must be installed before fiber can be utilized.

FUNDING: 161685.1831.1700 Fiber Optic Project

Prepared by: Gary Mai

Title: Electrical Estimator

Purchase Order No. 14960

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Emergency Replacement of Traffic Control Cabinet
DEPARTMENT: Public Works
CONTRACTOR Econolite Control Products, Inc., San Leandro
AWARD AMOUNT: \$12,367.34
DATE OF RECOMMENDATION: November 18, 2005

BIDS OR PROPOSALS RECEIVED:
Econolite Control Products, Inc. \$12,367.34

“NO BID” or NO RESPONSE RECEIVED:
None
(Econolite is the City's standard for
traffic controller cabinets)

BACKGROUND INFORMATION & BASIS FOR AWARD:

This is an emergency replacement of a traffic control cabinet damaged by a traffic accident at Lodi Avenue and Ham Lane (LPD Report 05-11872)

The City Council on April 15, 1998 approved Econolite as the standard traffic controller / cabinet for use in the City.

FUNDING: Account 100200.7706 Damage to Property

Prepared by: Richard Prima

Title: Public Works Director

Purchase Order No. 15071

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Interim Janitorial Services
DEPARTMENT: Public Works
CONTRACTOR Korean Professional Building Maintenance
AWARD AMOUNT: \$14,100.00
DATE OF RECOMMENDATION: November 18, 2005

BIDS OR PROPOSALS RECEIVED:
 Korean Professional Building Maintenance \$14,100.00

“NO BID” or NO RESPONSE RECEIVED:

None. Recommend award under emergency conditions. Korean Professional is currently the janitorial service provider for other City facilities.

BACKGROUND INFORMATION & BASIS FOR AWARD:

On November 14, 2005, it was learned that one of the City's current janitorial services providers did not have valid workers compensation insurance coverage, and the contract with that provider was terminated. To assure uninterrupted janitorial service for City facilities an interim two-month contract with the City's other current provider, Korean Professional Building Maintenance, is recommended until a longer-term contract can be arranged.

FUNDING: Budgeted. Costs divided among the departments affected.

Prepared by: Dennis Callahan

Title: Fleet / Facilities Manager

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: 2005 Annual Tree Planting
DEPARTMENT: Public Works / Streets
CONTRACTOR Odyssey Landscape Company, Stockton
AWARD AMOUNT: \$5,750.00
DATE OF RECOMMENDATION: November 22, 2005

BIDS OR PROPOSALS RECEIVED:

Odyssey Landscape Company, Stockton	\$5,750.00
Creative Outdoor Environments, Lathrop	\$5,760.00
Valley Crest, Sacramento	\$8,000.00
Arborwell, Castro Valley	\$8,400.00
West Coast Arborists, Anaheim	\$11,600.00

“NO BID” or NO RESPONSE RECEIVED:

None

BACKGROUND INFORMATION & BASIS FOR AWARD:

The annual tree planting program replaces trees that had been removed over the past year. This award addresses the planting of these 80 trees plus the supply of 8 trees. Additionally, the contractor supplies tree stakes, guard and fertilizer.

The purchase of the remaining trees provided by a different supplier. This planting will complete the current tree grant awarded to the City last year.

FUNDING: 105036

Prepared by: George Bradley

Title: Street Superintendent

RECOMMENDATION FOR CONTRACT AWARD

PROJECT NAME: Network Infrastructure Upgrade

DEPARTMENT: I S

CONTRACTOR WAN / LAN Solutions Integrators

AWARD AMOUNT: \$15,489.09

DATE OF RECOMMENDATION: December 7, 2005

BIDS OR PROPOSALS RECEIVED:

WAN / LAN Solutions Integrators, Roseville, CA	\$15,489.09
Office Max Technology, Menlo Park, CA	\$16,671.59
GovConnection, Rockville, MD	\$18,064.29
Software House International, Somerset, NJ	\$18,360.60
CompuCom, Dallas, TX	\$18,699.72

“NO BID” or NO RESPONSE RECEIVED:

CDW-G, Vernon Hills, IL
GHA Associates, Scottsdale, AZ

BACKGROUND INFORMATION & BASIS FOR AWARD:

The City's core Cisco router and switch have been given an End-of-Life and End-of-Support date by Cisco, at which time the City will no longer be able to obtain support for these items under a maintenance contract. Without these devices the majority of the City's network infrastructure will be off-line. Therefore, it is necessary to replace the out-of-date equipment with newer equipment. Further, staff recommends purchase of HP equipment instead of Cisco, in part because 1) HP equipment is less expensive than Cisco's; 2) HP provides a lifetime replacement warranty, and 3) our current service provider, WAN/LAN Solutions, has confidence in HP's quality.

Recommended award is based on low bid.

FUNDING: 123001.7715 IS Equipment Replacement Fund

Prepared by: Joel Harris

Title: Purchasing Officer

Purchase Order No. 15115



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Report of the Sale of Scrap Metal
MEETING DATE: January 18, 2006
PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Information only. This report is made to the City Council in accordance with Lodi Municipal Code §2.12.120.

BACKGROUND INFORMATION: On December 15, 2004, the City Council authorized the sale of scrap wire and metal that would accumulate in the course of normal utility operations during 2005.

In the third sale of the year, the Purchasing Division issued Requests for Bids for the following amounts of scrap wire:

Bare and Insulated Aluminum	3,937 lbs.
Bare and Insulated Copper	1,199 lbs.
Insulated Al/Concentric Copper	2,137 lbs.
Streetlight & Meter components	1,148 lbs.

Bid forms were sent to six scrap metal dealers; two responded prior to the bid submittal deadline of December 9, 2005:

B & G Machinery, Lodi	\$3,887.81
Sunshine Steel Ent., Sacramento	\$3,011.54
Simsmetal, Stockton	No response
Delta Scrap Metals, Stockton	No response
Stockton Recycling Center	No response
J & M Recycling, Sacramento	No response

The sale was completed on December 29, 2005.

FISCAL IMPACT: Revenue generated: \$3,887.81.

FUNDING: No funding required.
 Account Credited: 1601.5391

 Dave Dockham, Interim Electric Utility Director

Prepared by Joel Harris, Purchasing Officer
 cc: EUD Engineering and Operations

APPROVED: _____
 Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Report of Sale of Surplus Equipment

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council receive the report of sale of surplus equipment which is made in compliance with the Fleet Policies and Procedures.

BACKGROUND INFORMATION: The Fleet Policies and Procedures section that requires the quarterly reporting of Surplus Equipment Sales is under Surplus Vehicle Procedures, Section 3 (Acquisition and Disposition), letter B, page 3.4. The procedure is "Surplus Vehicle Procedures", pages 3.3 & 3.4, of Section 3 - Acquisition and Disposition. In short, it lists the Memorandum of Disposition request that must be initiated by a Fleet Coordinator and its requirements, outlines the options/methods to sell at auction, by sealed bid, or through trade-in toward the purchase of a replacement vehicle (wrecked vehicles estimated to have only junk value are removed by the most economical means). Fleet Services coordinates the paperwork once the Finance Director and City Manager authorize the disposition. Revenues received from the sale of vehicles are credited to the General Fleet Fund or the appropriate Enterprise Fleet Fund, according to the previous assignment of the vehicle sold.

During the fourth calendar quarter of 2005, the City sold the following surplus equipment through Nationwide Auctions of Benicia. The City received from the sales the following amounts:

1997 Ford Crown Victoria Police Patrol Car	VIN 161887	\$ 930 (junk)
2000 Ford Crown Victoria Police Patrol Car	VIN 104245	3,077
1999 Ford Crown Victoria Police Patrol Car	VIN 108741	1,634
1996 Ford Crown Victoria Police Patrol Car	VIN 174390	<u>513</u> (fire-damaged)
		\$ 6,154

FISCAL IMPACT: Receipts from sale of surplus equipment are recorded in the General Equipment Replacement Fund. These receipts are used to help fund the replacement of these vehicles.

FUNDING AVAILABLE: None required.

Richard C. Prima, Jr.
Public Works Director

Prepared by Dennis J. Callahan, Fleet and Facilities Manager
RCP/DJC/njl
cc: Police Fleet Coordinator Bobby Amin

APPROVED: _____
Blair King, City Manager



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Accept Improvements Under Contract for Lighted Crosswalk/Flashing Beacon Project on Elm Street at Loma Drive and at Mills Avenue and on Mills Avenue at Various Locations

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council accept the improvements under the "Lighted Crosswalk/Flashing Beacon Project on Elm Street at Loma Drive and at Mills Avenue and on Mills Avenue at Various Locations" contract.

BACKGROUND INFORMATION: The project was awarded to W. Bradley Electric, Inc., of Novato, on June 1, 2005, in the amount of \$108,680. The contract has been completed in substantial conformance with the plans and specifications approved by City Council.

This project consists of installing a lighted crosswalk system with warning signage on Elm Street at Loma Drive, flashing red overhead beacon and street lighting system at Elm Street and Mills Avenue, and flashing yellow beacon systems on Mills Avenue and Elm Street at various locations, and other incidental and related work, all as shown on the plans and specifications for the project.

The contract completion date was November 11, 2005, and the actual completion date was November 11, 2005. The final contract price was \$109,460. The difference between the contract amount and the final contract price is mainly due to the additional cost to provide the City with a controller for the flashing beacon at Elm Street and Mills Avenue. Contract Change Order No. 1 was issued to W. Bradley Electric, Inc., to cover this \$780 controller cost. This new controller will provide the City with more flexibility in operating the flashing beacon.

Following acceptance by the City Council, the City Engineer will file a Notice of Completion with the County Recorder's office.

FISCAL IMPACT: There are energy and annual maintenance costs for the electrical systems. The flashing beacons and in-roadway lighting system have Light Emitting Diodes (LED) which use minimal energy, costing approximately \$60 per year. The eight LED flashing beacons will need to be replaced in five to ten years and cost less than \$100 each. Since Elm Street was reconstructed approximately seven years ago, the in-roadway lighting LED fixtures will not need to be replaced until the roadway is reconstructed in roughly thirteen to fifteen years. At this time, the conductors and in-roadway LED bases would need to be replaced at a cost of approximately \$10,000, if the system is to be continued. This \$10,000 is in addition to the replacement costs for the flashing beacons and the annual energy costs.

FUNDING AVAILABLE:

Budgeted Fund:	Safe Route to School Program and Transportation Development Act
Contract Amount:	\$109,460

Ruby Paiste, Interim Finance Director

Richard C. Prima, Jr.
Public Works Director

Prepared by Wesley Fujitani, Senior Civil Engineer
cc: Joel Harris, Purchasing Officer

Senior Traffic Engineer

Street Superintendent

APPROVED: _____
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Accepting Improvements at Lakeshore Properties, Tract No. 3515

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution accepting the development improvements for Lakeshore Properties, Tract No. 3515.

BACKGROUND INFORMATION: Improvements at Lakeshore Properties, Tract No. 3515, have been completed in substantial conformance with the requirements of the Improvement Agreement between the City of Lodi and David S. Wilson and Sandra W. Wilson and Professional Constructors, Inc., as approved by the City Council on September 21, 2005, and as shown on Drawings No. 005D010-01 through 005-010-05. This subdivision is located at the southwest corner of Lakeshore Drive and Tienda Drive and consists of seven low-density single-family residential lots.

No public streets were dedicated as part of this improvement agreement.

FISCAL IMPACT: There will be a slight increase in long-term maintenance costs for public infrastructure, such as streets, water, wastewater and storm drain facilities, and City services such as police and fire. Expected increases in park maintenance costs will be funded through the Lodi Consolidated Landscape and Maintenance District 2003-1.

FUNDING AVAILABLE: Not applicable.

Richard C. Prima, Jr.
Public Works Director

Prepared by Wes Fujitani, Senior Civil Engineer

RCP/WKF/pmf

cc: City Attorney
Senior Civil Engineer - Development Services
Senior Traffic Engineer
Street Superintendent (w/attachment)
Senior Engineering Technician
Chief Building Inspector

APPROVED: _____
Blair King, City Manager

When Recorded, Please Return to:
Lodi City Clerk
P.O. Box 3006
Lodi, CA 95241-1910

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL ACCEPTING
LAKESHORE PROPERTIES, TRACT NO. 3515, INCLUDED IN THE
IMPROVEMENT AGREEMENT BETWEEN THE CITY OF LODI AND
DAVID S. WILSON AND SANDRA W. WILSON AND PROFESSIONAL
CONSTRUCTORS, INC.

=====

The City Council of the City of Lodi finds:

1. That all requirements of the Improvement Agreement between the City of Lodi and David S. Wilson and Sandra W. Wilson and Professional Constructors, Inc., for the development improvements in Lakeshore Properties, Tract No. 3515, have been substantially complied with. The improvements are shown on Drawing Nos. 005D010-01 through 005D010-05, on file in the Public Works Department and as specifically set forth in the plans and specifications approved by the City Council on September 21, 2005; and

2. That no public streets were dedicated as part of this Improvement Agreement.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Final Map and Improvement Agreement for Winchester Woods, Tract No. 3564

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution approving the final map and improvement agreement for Winchester Woods, Tract No. 3564.

BACKGROUND INFORMATION: The subdivision is located on the west side of Winchester Drive, north of Harney Lane, as shown on Exhibit A. The development consists of eight single-family residential lots. The subdivision site was formerly a part of "The Vineyard" apartment complex.

Project improvements include the installation of water and wastewater services for each lot from existing mains in Winchester Drive, installation of residential driveways for each lot, and a thin asphalt concrete overlay over the entire width of Winchester Drive along the subdivision frontage to preserve the integrity of the street pavement after trenching.

The developers of the subdivision, Winchester Woods LLC and Asta Construction Co., Inc., have furnished the City with the improvement plans, necessary agreements, guarantees, insurance certificates, and a portion of the fees (\$8,126.56) for the proposed subdivision. The Development Impact Mitigation Fees (\$39,799.94) will be paid prior to Council acceptance of the public improvements. Payment has been guaranteed as part of the faithful performance improvement security for the project in conformance with LMC §15.64.040.

FISCAL IMPACT: There will be a slight increase in long-term maintenance costs for public infrastructure, such as streets, water, wastewater and storm drain facilities, and City services, such as police and fire. Expected increases in park maintenance costs will be funded through the Lodi Consolidated Landscape and Maintenance District 2003-1.

FUNDING AVAILABLE: Not applicable.

Richard C. Prima, Jr.
Public Works Director

Prepared by Sharon A. Welch, Senior Civil Engineer
RCP/SAW/pmf
Attachment

cc: Senior Civil Engineer Fujitani
Senior Civil Engineer Welch
Baumbach & Piazza
Winchester Woods LLC
Asta Construction Co., Inc.

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE FINAL MAP AND IMPROVEMENT
AGREEMENT FOR WINCHESTER WOODS,
TRACT NO. 3564

=====

WHEREAS, this subdivision consists of eight single-family residential lots located on the west side of Winchester Drive, north of Harney Lane; and

WHEREAS, the project improvements include the installation of water and wastewater services for each lot from existing mains in Winchester Drive, installation of residential driveways for each lot, and a thin asphalt concrete overlay over the entire width of Winchester Drive along the subdivision frontage to preserve the integrity of the street pavement after trenching.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Final Map and Improvement Agreement for Winchester Woods, Tract No. 3564, located on the west side of Winchester Drive, north of Harney Lane as shown on Exhibit A attached; and

BE IT FURTHER RESOLVED that the City Council hereby directs the City Manager and City Clerk to execute the Final Map and Improvement Agreement on behalf of the City of Lodi.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

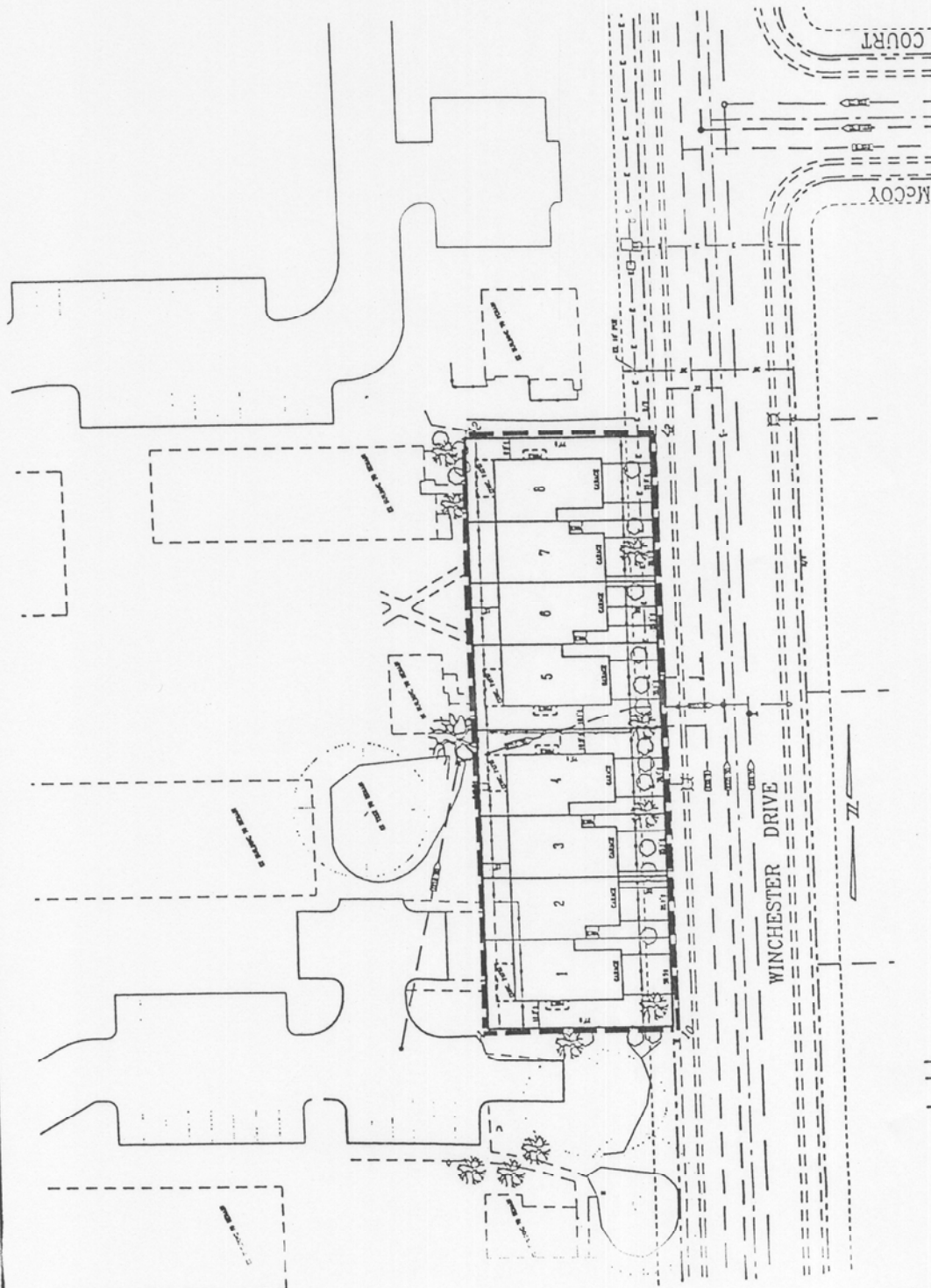
2006-_____



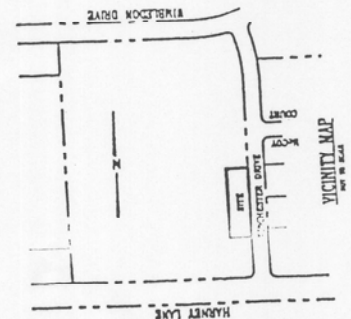
CITY OF LODI

PUBLIC WORKS DEPARTMENT

EXHIBIT A



WINCHESTER WOODS





CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing the City Manager to Amend the 2005/2006 Transportation Development Act Claim, Allocate an Additional \$180,000 and Increase the Local Transportation Fund Article 8 Capital Funding to \$695,878 and the Total Claim to \$2,937,121

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution authorizing the City Manager to amend the 2005/2006 Transportation Development Act (TDA) claim, allocate an additional \$180,000 and increase the Local Transportation Fund Article 8 Capital funding to \$695,878 and the total claim to \$2,937,121.

BACKGROUND INFORMATION: Each year, the City of Lodi receives an apportionment of TDA funds to support Lodi's transit operations and pedestrian/bicycle costs. These are State transportation funds that are primarily for non-vehicular transportation but can be used on roads if those other needs are being met. They are channeled through the Council of Governments, our regional transportation planning agency. The claim for fiscal year, approved by City Council on October 19, 2005 claimed \$515,878 for Transit Capital projects (signs, shelters, etc.). The claim left \$242,234 in unallocated funds. Staff is recommending that the City Council authorize the City Manager to amend the claim and allocate \$180,000 from the unclaimed apportionment for Transit Capital projects. The additional funds requested will be utilized to purchase three (3) additional Dial-A-Ride vehicles. Staff is recommending the purchase of these vehicles due to the age of the existing fleet and the associated increase in maintenance costs. By procuring these three vehicles now, they will be able to be purchased with the five (5) grant-funded vehicles previously approved by council.

FISCAL IMPACT: Failure to amend the claim would delay purchase of the vehicles, which would result in higher maintenance costs. Dial-A-Ride and GrapeLine are fully funded with formula dollars from the Federal Transit Administration (FTA), TDA, and other competitive sources of funds. Transit is not dependent on any General Fund money. We intend to continue to use TDA funds for transit, pedestrian, and bicycle-related projects and maintenance as much as possible.

FUNDING AVAILABLE: None required.

Richard C. Prima, Jr.
Public Works Director

Prepared by Tiffani M. Fink, Transportation Manager
RCP/TF/pmf
Attachment
cc: Finance Director

APPROVED: _____
Blair King, City Manager

LOCAL TRANSPORTATION FUND

TO: San Joaquin Council of Governments
555 E. Weber Avenue
Stockton, CA 95202

FROM: City of Lodi, California
(applicant)

ADDRESS: 221 West Pine Street Lodi, CA 95240
(city, zip)

CONTACT PERSON: Jiffani Fink, Trans Mgr PHONE: 209-333-6800 x2678

The City of Lodi hereby requests, in accordance with Chapter 1400, Statutes 1971 and applicable rules and regulations, that its annual transportation claim be approved in the amount of \$ 2,937,121 for fiscal year 2005-06, to be drawn from the Local Transportation Fund.

When approved, please transmit this claim to the County Auditor for payment. Approval of the claim and payment by the County Auditor to this applicant is subject to such monies being on hand and available for distribution, and to the provisions that such monies will be used only in accordance with the terms of the approved annual financial plan.

The claimant certifies that this Local Transportation Fund claim and the financial information contained therein, is reasonable and accurate to the best of my knowledge, and that the aforementioned information indicates the eligibility of this claimant for funds for the fiscal year of the application pursuant to CAC Section 6634 and 6734.

APPROVED:

San Joaquin Council
of Governments

By: _____

ANDREW CHESLEY
Executive Director

Date: _____ 20 ____

Applicant: _____

Signed: _____

Name: _____

Blair King
Title: City Manager

Date: _____ 20 ____

TRANSPORTATION DEVELOPMENT ACT ALLOCATIONS

Claim Purpose	I. LTF	II. STA
I. PUBLIC TRANSPORTATION		
Article 4 (99260) Operator	\$0	0
CCR Sec 6730(a) Public Transit		11,614
Article 8 (99400(c)) Contract Operating:		
Contractor operating	\$1,725,999	N/A
Article 8 (99400(e))		
Contractor capital	695,878	N/A
Article 8 (99400(b))		
Passenger Rail Service	0	N/A
Operations & Capital		
 TDA Administration	 68,465	 0
II. PEDESTRIAN AND BICYCLE		
Article 3 (99234)	54,967	N/A
III. ROADS AND STREETS		
Article 8 (99400(a))	329,578	N/A
IV. OTHER		
Article 8 (99400(b,c,d,e))	0	0
V. LOCAL TRANSPORTATION PLANNING	0	
TOTAL THIS CLAIM	\$2,874,887	11,614
TOTAL AVAILABLE FOR THIS CLAIM (from page 8, I. H. and II. H.)	\$2,937,121	13,331
UNCLAIMED APPORTIONMENT (TOTAL AVAIL. less TOTAL THIS CLAIM)	\$62,234	1,717

IMPORTANT: To avoid accidental overpayment, please identify and itemize in the space below any unexpended carryover included in the amounts being claimed above. Identify the amount of carryover and the purpose for which it is being reclaimed. Attach pages as necessary.

Unexpended Carryover:

In Transit Fund reclaimed for Transit Capital:	242,727
In Ped/Bike Fund reclaimed for Ped/Bike:	7,958
In Streets & Roads Fund reclaimed for Street & Road purposes:	179,578
Total Unexpended Carryover being reclaimed:	430,263
	0

⁵¹ Operators claiming STA funds must meet qualifying criteria (PUC Section 99314.6). Page 17 of this form must be completed.

PART I - PUBLIC TRANSPORTATION

PLEASE CIRCLE EITHER:

Article 4 Operator

Article 8 Contractor

FINANCIAL INFORMATION

		2004-2005	2005-2006
		PLEASE CIRCLE	
I.	OPERATING REVENUE	ACTUAL or ESTIMATE	BUDGET
401	Passenger Fares	<u>278,039.09</u>	<u>300,000.00</u>
402	Special Transit Fares	<u> </u>	<u> </u>
405	Charter Service Revenues	<u> </u>	<u> </u>
406	Auxiliary Transportation Revenues (includes advertising)	<u> </u>	<u> </u>
407	Non-Transportation Revenues	<u> </u>	<u> </u>
408	Tax Revenue (Specify:)	<u> </u>	<u> </u>
	Property Tax	<u> </u>	<u> </u>
	Sales Tax (not TDA)	<u> </u>	<u> </u>
409	Local Grants & Reimbursements		
	Purchase of Service	<u> </u>	<u> </u>
	Local Transportation Fund (LTF)	<u>1,540,078</u>	<u>1,725,999</u>
410	Local Special Fare Assistance	<u> </u>	<u> </u>
411	State Cash Grants & Reimb.	<u> </u>	<u> </u>
	State Transit Assistance (STA)	<u>6,482</u>	<u>11,614</u>
	Other <u> </u>	<u> </u>	<u> </u>
412	State Special Fare Assistance	<u> </u>	<u> </u>
413	Federal Grants & Reimbursements (Specify) FTA Grants	<u>939,600</u>	<u>993,613</u>
430	Contributed Services (Not Cash)	<u> </u>	<u> </u>
440	Subsidy from other Sector of Operations	<u> </u>	<u> </u>
	TOTAL	<u>2,764,199.09</u>	<u>3,031,226.00</u>
II.	CAPITAL REVENUE		
464	Capital Grants & Subsidies		
	Specify Fed, State, Local:		
	<u>Federal/CMAQ/ Measure K</u>	<u> </u>	<u>868,333</u>
	State Transit Assistance (STA)	<u> </u>	<u> </u>
	Local Transportation Fund (LTF)	<u> </u>	<u>695,878</u>
	Non-Governmental Donations	<u>97,354.25</u>	<u> </u>
	TOTAL	<u>97,354.25</u>	<u>1,564,211.00</u>

III. OPERATING EXPENSES

2004-2005
PLEASE CIRCLE
Actual or Estimate 2005-2006
Budget

501	Labor		
	Operators Salaries/Wages		
	Other Salaries/Wages	<u>69,626.86</u>	<u>76,377</u>
502	Fringe Benefits	<u>20,407.62</u>	<u>35,490</u>
503	Services	<u>177,975.78</u>	<u>200,000</u>
504	Materials/Supplies		
	Fuels/Lubricants	<u>165,852.96</u>	<u>165,000</u>
	Tires/Tubes		
	Other	<u>251,744.64</u>	<u>261,614</u>
505	Utilities	<u>51,737.80</u>	<u>56,345</u>
506	Casualty/Liability Costs	<u>135,166.04</u>	<u>140,000</u>
507	Taxes		
508	Purchased Transportation Service	<u>1,630,798.65</u>	<u>1,800,000</u>
509	Miscellaneous Expenses	<u>260,888.74</u>	<u>296,400</u>
510	Expense Transfers		
511	Interest Expense		
512	Leases and Rentals		
513	Depreciation/Amortization		
	Operator Funds		
	Grant Funds		
	TOTAL	<u>2,764,199.09</u>	<u>3,031,226</u>

IV. CAPITAL EXPENSES *

Debt Service		
Land/Property Acquisition		
Vehicles		
Construction		
Other	<u>97,354.25</u>	<u>1,564,211</u>
TOTAL	<u>97,354.25</u>	<u>1,564,211</u>

*Allowable capital expenses are limited for Article 8 claimants; see 99400 (e).

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO FILE AN AMENDED 2005-06
TRANSPORTATION DEVELOPMENT ACT CLAIM ON BEHALF
OF THE CITY OF LODI, INCREASING THE LOCAL
TRANSPORTATION FUND ARTICLE 8 CAPITAL FUNDING

=====

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve and authorize the City Manager to file an amended claim for the City of Lodi's 2005-06 Transportation Development Act funds, increasing the Local Transportation Fund Article 8 Capital funding to \$695,878 for a total claim amount of \$2,937,121; and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute the amended claim on behalf of the City of Lodi.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Negotiate and Purchase Three Type 2 Medium Bus (Dial-A-Ride) Transit Vehicles Off of the State Contract, Authorizing Conversion of the Three Vehicles to Compressed Natural Gas (CNG), and Appropriating Funds (\$295,000)

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution authorizing the City Manager to negotiate and purchase three type 2 medium bus transit vehicles off of the State contract, authorizing conversion of the three vehicles to compressed natural gas (CNG), and appropriating funds.

BACKGROUND INFORMATION: The City of Lodi currently operates numerous CNG vehicles and a fueling station. The City of Lodi's Transit Division currently operates a fleet of 25 transit vehicles. Of those 25 vehicles, 20 operate on CNG. The Council recently authorized the City Manager to purchase five new vehicles allowing the City to reach its commitment to the Air Resources Board of a 100% CNG fleet. The City of Lodi received grant funding to replace five (5) gasoline transit vehicles in 2005/2006. The five new vehicles replaced five older gasoline vehicles in our fleet which will be sold out of state to meet the requirements of the grant funding. The three additional vehicles proposed are standard Dial-A-Ride style transit vehicles. Staff is requesting the purchase of these three additional vehicles due to the excessive age of our current fleet and the ongoing maintenance requirements associated with an older fleet.

Staff is recommending that the three new gasoline vehicles be procured off of the State contract due to the limited availability of CNG vehicles and the ease of procurement it provides. Those three vehicles will then be converted to CNG prior to the City taking possession. The Transportation and Fleet and Facilities Managers are meeting with staff from the maintenance shop and transit operations to select the options available on the vehicle. The three vehicles will be paid for utilizing \$180,000 in Transportation Development Act (TDA) Local Transportation Fund Transit Capital funds with the remainder coming from outstanding fare revenue from previous years. It is anticipated the cost of each vehicle will be \$90,000. In addition to the appropriation for the three vehicles, staff is requesting that the City Council appropriate an additional \$25,000 for the five vehicles previously authorized by Council to cover the taxes and fees for the vehicles, including the State of California's procurement fee.

FISCAL IMPACT: Failure to award the vehicles would result in higher maintenance costs. The addition of these three vehicles to the fleet will allow Transit to better accommodate routine maintenance and peaks in the service.

FUNDING AVAILABLE:

The bus purchases will be utilizing:	
Transportation Development Act/Fares	\$180,000
Fares	\$115,000

Ruby Paiste, Interim Finance Director

Richard C. Prima, Jr.
Public Works Director

Prepared by Tiffani M. Fink, Transportation Manager
cc: Fleet and Facilities Manager

Transportation Manager

APPROVED: _____
Blair King, City Manager

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER
TO NEGOTIATE AND PURCHASE THREE TYPE 2 MEDIUM BUS (DIAL-A-RIDE)
TRANSIT VEHICLES THROUGH THE STATE CONTRACT, AUTHORIZING CONVERSION
OF THE VEHICLES TO COMPRESSED NATURAL GAS (CNG), AND FURTHER
APPROPRIATING FUNDS

=====

WHEREAS, Lodi Municipal Code Section 3.20.070 authorizes dispensing with bids for purchases of supplies, services, or equipment when it is in the best interest of the City to do so; and

WHEREAS, the City of Lodi currently operates numerous compressed natural gas (CNG) vehicles and a fueling station, and the City Transit Division currently operates a fleet of 25 transit vehicles, of which 20 operate on CNG; and

WHEREAS, the City Council recently authorized the City Manager to purchase five new vehicles allowing the City to reach its commitment to the Air Resources Board of a 100% CNG fleet; and

WHEREAS, staff recommends purchasing three additional standard Dial-A-Ride style transit vehicles to be procured through the State of California contract due to the limited availability of CNG vehicles and the ease of procurement provided by the State contract; and

WHEREAS, staff further recommends that the City Council authorize the City Manager to negotiate a change order with Creative Bus Sales to convert the vehicles to CNG, and appropriate funds in the amount of \$295,000 for the three vehicles and an additional \$25,000 for the five vehicles previously approved to cover the taxes and fees for the vehicles, including the State of California's procurement fee.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to negotiate and purchase three Type 2 Medium Bus (Dial-A-Ride) Transit Vehicles through the State of California contract; and

BE IT FURTHER RESOLVED that the City Council hereby authorizes the City Manager to negotiate a change order with Creative Bus Sales to convert the vehicles to CNG prior to the City taking possession to comply with the grant funding requirements; and

BE IT FURTHER RESOLVED that funds be appropriated as follows:

Transportation Development Act/Fares	\$180,000
Fares	\$115,000

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



TM

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Approve Parks and Recreation staff recommendations on projects to be funded under the 2000 Park Bond Act Per Capita Grant program and allocate funds for the projects

MEETING DATE: January 18, 2006

PREPARED BY: Parks and Recreation Director

RECOMMENDED ACTION: That the City Council approve staff's recommendation on projects to be funded under the 2000 Park Bond Act Per Capita Grant program and allocate funds for the projects

BACKGROUND INFORMATION: On August 15, 2001, City Council adopted resolution 2001-206 to enter into a contract with the State of California to receive \$525,000 from the Per Capita program of the 2000 Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act which California voters passed in 2000.

Per Capita funds were previously intended to be used for developing DeBenedetti Park. However, recent unsuccessful competitive grant proposals and the potential for other funding sources for DeBenedetti Park has changed staff's focus to the deferred maintenance projects. The Per Capita funding must be used by March 31, 2008, with all required documentation provided to the State by June 30, 2008.

Staff, with Parks and Recreation Commission approval, is recommending the following deferred maintenance projects:

- Replacement of Beckman Park restroom: \$129,578
- Replacement of Henry Graves Park restroom: \$129,578
- Kofu Park community room roof repair: \$ 46,640
- Legion Park community room roof replacement: \$ 83,903
- Peterson Park playground improvements: \$135,300
- \$524,999

These projects will come before the City Council for approval of specifications, authorization to bid and contract award in the upcoming months. The restroom replacement projects will be submitted together as will the roof repair/replacement projects. Peterson Park playground improvements will be bid separately. Staff is requesting approval of these projects and an allocation of funds to begin work. Once project contracts are awarded, the State will release 80% of the project funds with the remaining 20% coming after the project is completed and the required reporting is made to the State. Additionally, the State has indicated that these projects meet the requirements of the bond act and its intent.

FISCAL IMPACT: 100% of these projects will be funded by the bond act; however some costs will be incurred prior to the State releasing 80% of the project costs; the remaining 20% will be released upon project completion and required reporting to the State.

FUNDING AVAILABLE: _____
Ruby Paiste, Interim Finance Director

Tony C. Goehring
Parks and Recreation Director

Prepared by Susan Bjork, Management Analyst

TG/SB:tl

cc: Steve Virrey, Parks Project Coordinator

APPROVED: _____
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Authorize City Manager to Submit Grant Application(s) for PCE/TCE Clean Up
MEETING DATE: January 18, 2006
PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council authorize the City Manager to submit grant application(s) for PCE/TCE clean up.

BACKGROUND INFORMATION: At various times during discussions on the PCE/TCE groundwater contamination cleanup, City staff has indicated that we will seek grant funds to assist in the clean up. At this time, staff is seeking formal authorization for the City Manager to submit applications without individual Council action. Acceptance or execution of grant contracts/agreements would be brought back for Council approval. The ability to submit applications without additional Council action provides more flexibility in meeting specific program deadlines or other criteria.

This request is prompted by an offer from a specific firm – Applied Process Technology – who is seeking a public agency partner in submitting an application to the State of California for a full-scale pilot project. The deadline for this particular application is at the end of January. The application is not yet completed.

Their technology uses a combination of ozone and hydrogen peroxide to destroy PCE/TCE, rather than the typical use of granular activated carbon (GAC) which only captures the contaminants. In a carbon system, the contaminants are then removed/destroyed in a separate process. The company would gain from the pilot project in that they are seeking State Department of Health Services certification of their product for this application. The City would gain by accomplishing a portion of the clean up at a lower cost.

Technical background material on this technology is attached.

FISCAL IMPACT: There is minimal cost to the City to assist in submitting the application, mainly staff time and a few hours of assistance from our technical consultants, Treadwell & Rollo. If successful, cost savings could be on the order of hundreds of thousands of dollars.

FUNDING AVAILABLE: Not applicable.

 Richard C. Prima, Jr.
 Public Works Director

RCP/pmf
 Attachment
 cc: Phil Smith, Treadwell & Rollo
 Charles Borg, Applied Process Technology

APPROVED: _____
 Blair King, City Manager



Applied Process Technology, Inc.

Clean Water. No Waste.

HiPOx SRS

Advanced Oxidation System



SRS

The HiPOx SRS is an advanced oxidation system that combines ozone and hydrogen peroxide to destroy groundwater contaminants in a continuous flow reactor. The system utilizes multiple reagent injection points and mixers to maximize contaminant destruction in a waste-free process.

The SRS is a portable containerized unit equipped with medium-to-high ozone capacities. The SRS is suitable for high-flow sites with low contaminant concentrations or low-to-moderate flow sites with high contaminant concentrations.

- ✓ PLC control system provides for unattended and automated operation
- ✓ Fail-safe operation
- ✓ Automatic paging in event of shutdown
- ✓ Operating set points adjusted via local Operator Interface Terminal (OIT) or remotely via modem with optional SCADA package

STANDARD SPECIFICATIONS

Flow Rate	3 – 250 GPM
Ozone Capacity	20 – 100 lbs/day onboard* Up to 500 lbs/day offboard*
Dimensions	8'W x 24'L x 8'6"H
Weight	Approx. 15,000 – 20,000 lbs
Electrical Requirements	208VAC, 3Ø, 60 Hz, 120A maximum
Power Consumption	22 – 44 kW

**SRS systems utilize onboard generator racks and/or offboard generators skids (approx. 8'W x 24'L)*

SYSTEM CONFIGURATION AND FEATURES

Enclosure	Insulated & climate-controlled, weather-resistant enclosure(s); stainless-steel reactor & mixers; convenient power and process connections
Safety	Shop tested (to extent possible); ozone destruct unit and multiple detectors; fail-safe shutdown features; all ozone-containing piping is joint-free or (double-)contained within monitored enclosures

- ✓ **Waste-Free Contaminant Destruction**
- ✓ **Scalable Process for Predictable Results**
- ✓ **Highly-Effective, Low-Cost Solution**

OZONE GENERATION / DISTRIBUTION SYSTEM*

Generator Capacity	20 – 100 lbs/day**
Concentration	8% – 10% by weight
Injection Capacity	5 – 150 mg/L ozone dose
Injection Piping	PFA Teflon™

**includes rack-mounted, solid-state ozone generator(s), ozone manifold with metering and check valves, automatic pressure control and shutoff valve*

***uses bulk liquid oxygen or oxygen produced by generation system*

HYDROGEN PEROXIDE SYSTEM*

Storage	Typ. 150-gallon, double-contained, non-metallic tank
Concentration	Typ. 35% technical grade
Injection Piping	Polyethylene/316 stainless steel

**injection system included*

OXYGEN SYSTEM*

Standard Supply	Liquid oxygen Dewar cylinders
Size	160-265 Liters
Concentration	99.9+% vol (Grade 6)

Optional Supply	PSA**-enriched gas
Concentration	90+% vol (-70°F dew point)

**oxygen flow controller included; optional gas manifold available*

***Pressure-Swing Adsorption*

REACTOR SYSTEM*

Flow Rate	3 – 250 GPM
Reactor Construction	Single- or dual reactor(s) with PVC or stainless steel piping, multiple injection points with internal static mixers
Reagent Control	Reagent addition precisely controlled and adjusted as needed at each injector

**includes gas/liquid separator and inlet flow meter; optional feed tank, pump and recycle valve also available*

COOLING SYSTEM

Method	Refrigerated package chiller with outdoor condenser
---------------	---

- ✓ Multiple ozone injection points maximize process efficiency and contaminant destruction
- ✓ Precision instrumentation for accurate reagent control
- ✓ One-button startup and shutdown; touchscreen control display for ease of operation

™ Teflon is a registered trademark of the DuPont Co.

Applied Process Technology, Inc.

3333 Vincent Road, Suite 222, Pleasant Hill, CA 94523
tel: 925-977-1811 · fax: 925-977-1818 · toll free: 1-888-307-2749
www.aptwater.com · info@aptwater.com

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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution amending the existing *Lodi Energy Efficient Home Improvement Rebate Program*; the amendment will remove windows as an eligible rebate element, and add wall insulation as an eligible rebate element (EUD)

MEETING DATE: January 18, 2006

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt a resolution amending the existing *Lodi Energy Efficient Home Improvement Rebate Program*. The amendment will add wall insulation as an eligible rebate item, and remove windows an eligible rebate element.

BACKGROUND INFORMATION: For several years, the City of Lodi has offered rebates for residential customers. The current *Lodi Energy Efficient Home Improvement Rebate Program* provides incentives or rebates for those customers who purchase and install various energy conservation measures, including: attic insulation, windows, radiant barriers, attic fans/ventilators, ceiling fans, whole house fans, window tinting/shade screens, and/or replace-repair air ducts. Most of these energy efficiency improvements can reduce monthly energy consumption from 3 percent to 20 percent (depending upon which measures are installed, and how many of the measures are installed).

By way of this Council action, Electric Utility staff is recommending that a new energy efficiency measure be added to the list: wall insulation. Purchasing and installing wall insulation can reduce energy consumption, on average, by as much as four (4) percent annually. To receive a rebate for wall insulation, customers must install a minimum R-13 level (energy efficiency value or rating for insulation), and the insulation must be installed in non-insulated walls between conditioned and unconditioned areas (no interior walls within the home are eligible for rebate). Customers must also consent to a potential pre- and post-inspection of their property. The rebate amount will be \$0.15 per square foot of wall insulation installed, with a cap of \$200 per customer service address.

In addition, Electric Utility staff is recommending that windows be removed as a rebate item from the current *Lodi Energy Efficient Home Improvement Rebate Program*. Following a recent measurement, verification and assessment study of energy efficiency measures, it was determined that windows do not produce energy savings are once thought. Recent studies indicate that by installing new, dual-paned windows only save approximately eight (8) kilowatt hours of electricity annually for every 100 square feet of new window installed. However, new, dual-paned windows are still an excellent retrofit for a homeowner desirous of enhancing their property value, reducing external noise/sound, and improving the external appearance of the property.

APPROVED: _____
Blair King, City Manager

In summation, it was determined that wall insulation is a better energy efficiency improvement for residential consumers, compared to dual-paned windows, thus the proposed amendments to this existing program. Electric Utility staff respectfully recommends approval of this amendment to the *Lodi Energy Efficient Home Improvement Rebate Program*.

FISCAL IMPACT: The fiscal impact to the City of Lodi Electric Utility (from reduced energy consumption) resulting from customers installing wall insulation will be better quantified in the ensuing year.

FUNDING AVAILABLE: Funding is currently available for the wall insulation rebate element through the existing *Lodi Energy Efficient Home Improvement Rebate Program*, as approved by the Lodi City Council in July of 2005.

Ruby Paiste, Interim Finance Director

David Dockham
Interim Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service and Programs

DD/RL/lst

c: City Attorney

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY
COUNCIL AMENDING THE EXISTING LODI
ENERGY EFFICIENT HOME IMPROVEMENT
REBATE PROGRAM

=====

WHEREAS, the state has mandated that beginning January 1, 1998, the City of Lodi is obligated to fund various programs through a Public Benefits Charge (PBC) based on an historical electric revenue requirement; and

WHEREAS, the requirement amounts to approximately \$1 million per year that must be dedicated to qualifying programs such as energy efficiency. A further stipulation is that these efforts must be done on the customer's side of the meter in order to qualify; and

WHEREAS, the City of Lodi's Public Benefits Program is comprised of four segments or customer groups: commercial/industrial, residential, community/non-profit, and municipal; and

WHEREAS, the Lodi Energy Efficient Home Improvement Rebate Program provides rebates to residential customers who install designated and approved energy conservation measures; and

WHEREAS, the current list of eligible measures are: attic insulation, windows, radiant barriers, attic fans/ventilators, ceiling fans, whole house fans, window tinting/shade screens, and/or replace-repair air ducts; and

WHEREAS, Electric Utility staff recommends that wall insulation be added to this program as a new energy efficiency measure, as purchasing and installing wall insulation can reduce energy consumption, on average, by as much as four (4) percent annually. To receive a rebate for wall insulation, customers must install a minimum R-13 level (energy efficiency value or rating for insulation), and the insulation must be installed in non-insulated walls between conditioned and unconditioned areas (no interior walls within the home are eligible for rebate). Customers must also consent to a potential pre- and post-inspection of their property. The rebate amount will be \$0.15 per square foot of wall insulation installed, with a cap of \$200 per customer service address.

WHEREAS, staff further recommends that windows be removed as a rebate item from the current Lodi Energy Efficient Home Improvement Rebate Program, as it was recently determined that windows do not produce energy savings as once thought

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize amending the existing Lodi Energy Efficient Home Improvement Rebate Program, by adding wall insulation as an eligible rebate item, and removing windows as an eligible rebate element.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution authorizing the City Manager to allocate a Public Benefits Program rebate to Myers & Eby Property Management for a demand-side management project (\$9,004.50) (EUD)

MEETING DATE: January 18, 2006

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt a resolution authorizing the City Manager to allocate a Public Benefits Program rebate in the amount of \$9,004.50 to Myers & Eby Property Management for a demand-side management project.

BACKGROUND INFORMATION: Myers & Eby Property Management has installed a cool roof (often referred to as a "white roof" or "sun reflective roof") at one of their properties, The Crescent Apartments (315 S. Crescent Avenue). A cool roof is a qualifying component of the City of Lodi Public Benefits Program, and is a recognized energy efficiency improvement by EnergyStar®, the California Energy Commission, and electric utility/service providers around the country. The City of Lodi Electric Utility has provided rebates to six (6) customers who have installed a cool roof on their Lodi property in the last few years. A cool roof typically reduces "heat gain" (from the sun) through a roof and attic space by approximately 20 degrees, creating a cooler environment inside the structure. A cooler interior structure reduces the need for operating a central air conditioning system or single-room air conditioners, thus reduced electric energy consumption.

In an effort to make the apartment complex more energy efficient, while enhancing the strength and durability of the roof space, Myers & Eby Property Management opted for a new, cool roofing product, covering 19,700 square feet of roof. The projected annual energy savings are: 4,800-kilowatt hours (kWh), and 3.5 kilowatts (kW/demand) facility-wide. These projected energy savings will be realized by residents living in one of the complexes 21 upstairs units.

Electric Utility staff respectfully recommends approval of this rebate, as a qualifying component of the City of Lodi Public Benefits Program, in the category of demand-side management or energy conservation. Rebates of this size (in excess of \$5,000, and requiring Lodi City Council approval) are provided to commercial/industrial customers on a first-come, first-served basis, with a total of three (3) large rebate projects (again, those in excess of \$5,000) granted each quarter. For this third quarter of the 2005-2006 fiscal year, this is the first such large, qualifying demand-side management project.

FISCAL IMPACT: The projected energy savings noted above will result in a revenue loss (savings to the customers) of approximately \$750 per year. This figure is calculated by dividing the total energy savings (kWh) by seven calendar months, April through October (in Lodi, these are considered to be the months with the most sunshine annually); then, multiplying this figure to the price charged per kilowatt hour for energy; then multiplying this figure by

APPROVED: _____
Blair King, City Manager

seven months (calculation: 4,800 kWh/7 months = 686 kWh 'x' \$0.156 kWh price = \$107.00 'x' 7 months = \$749.00).

FUNDING AVAILABLE: Public Benefits Program: 164605 (Category: Demand-side Management)

Ruby Paiste, Interim Finance Director

David Dockham
Interim Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service and Programs

DD/RL/lst

c: City Attorney

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
CITY MANAGER TO PROVIDE A PUBLIC BENEFITS PROGRAM
GRANT – DEMAND-SIDE MANAGEMENT PROJECT TO MYERS &
EBY PROPERTY MANAGEMENT

=====

WHEREAS, the City of Lodi's Public Benefits Program is comprised of four segments or customer groups: commercial/industrial, residential, community/non-profit, and municipal; and

WHEREAS, the Electric Utility Department recommends that the City provide a Public Benefits grant in the amount of \$9,004.50, to Myers & Eby Property Management who has installed a cool roof (often referred to as a "white roof" or "sun reflective roof") at one of their properties, The Crescent Apartments (315 S. Crescent Avenue); and

WHEREAS, a cool roof is a qualifying component of the City of Lodi Public Benefits Program, and is a recognized energy efficiency improvement by EnergyStar®, the California Energy Commission, and electric utility/service providers around the country; and

WHEREAS, a cool roof typically reduces "heat gain" (from the sun) through a roof and attic space by approximately 20 degrees, creating a cooler environment inside the structure. A cooler interior structure reduces the need for operating a central air conditioning system or single-room air conditioners, thus reduced electric energy consumption; and

WHEREAS, in an effort to make the apartment complex more energy efficient, while enhancing the strength and durability of the roof space, Myers & Eby Property Management opted for a new, cool roofing product, covering 19,700 square feet of roof. The projected annual energy savings are: 4,800-kilowatt hours (kWh), and 3.5 kilowatts (kW/demand) facility-wide. These projected energy savings will be realized by residents living in one of the complexes 21 upstairs units; and

WHEREAS, Electric Utility staff respectfully recommends approval of this rebate, as a qualifying component of the City of Lodi Public Benefits Program, in the category of demand-side management or energy conservation.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to provide a Public Benefits Program Grant in the amount of \$9,004.50 to Myers & Eby Property Management to fund a demand-side management project as set out above.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

Comments by the public on non-agenda items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted.

Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Comments by the City Council Members on non-agenda items



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Post for Expiring Terms on the Lodi Improvement Committee

MEETING DATE: January 18, 2006

PREPARED BY: City Clerk

RECOMMENDED ACTION: That Council, by motion action, direct the City Clerk to post for the expiring terms on the Lodi Improvement Committee.

BACKGROUND INFORMATION: A few terms are due to expire this year on the Lodi Improvement Committee. It is, therefore, recommended that the City Council direct the City Clerk to post for the expiring terms below.

Lodi Improvement Committee

Bertha Castro	Term to expire March 1, 2006
Fran Forkas	Term to expire March 1, 2006
Eileen St. Yves	Term to expire March 1, 2006

Government Code Section 54970 et seq. requires that the City Clerk post for vacancies to allow citizens interested in serving to submit an application. The City Council is requested to direct the City Clerk to make the necessary postings.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Susan J. Blackston
City Clerk

SJB/JLT

APPROVED: _____
Blair King, City Manager



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Monthly Protocol Account Report

MEETING DATE: January 18, 2006

PREPARED BY: City Clerk

RECOMMENDED ACTION: None required, information only.

BACKGROUND INFORMATION: The City Council, at its meeting of July 19, 2000, adopted Resolution No. 2000-126 approving a policy relating to the City's "Protocol Account." As a part of this policy, it was directed that a monthly itemized report of the "Protocol Account" be provided to the City Council.

Attached please find the cumulative report through December 31, 2005.

FISCAL IMPACT: N/A

FUNDING AVAILABLE: See attached.

Susan J. Blackston
City Clerk

SJB/jmp

Attachment

APPROVED: _____
Blair King, City Manager

PROTOCOL ACCOUNT SUMMARY
Cumulative Report
July 1, 2005 through December 31, 2005

Date	Vendor	Description	Amount	Balance
				Starting Bal. \$12,000.
07-05-05	Lakewood Drugs	Clock – farewell gift from City to Dep. City Mgr. J. Keeter	43.05	
07-08-05	Lasting Impressions	Engraving (on J. Keeter gift)	42.99	
07-12-05	Touch of Mesquite*	*Deposit for catering services at Aug. 18 Annual Boards & Commissions Reception	320.00	
07-14-05	Security at HSS	3.5 hrs x \$15 (Aug. 18 event)	52.50	
07-26-05	O.C. Tanner	3 City grape emblems (supply for future City gifts)	70.29	
08-17-05	Arthur's Party World	Balloon decorations (for Aug. 18 Boards & Commissions Recognition Reception)	44.18	
08-17-05	Lowe's	Table flowers & baskets (for Aug. 18 Boards & Commissions Recognition Reception)	72.46	
08-17-05	Lodi Wine & Visitors Center	Wine (for Aug. 18 Boards & Commissions Recognition Reception)	232.16	
08-17-05	Arthur's Party World	Table decorations (for Aug. 18 Boards & Commissions Recognition Reception)	34.31	
08-17-05	Michael's	Table decorations (for Aug. 18 Boards & Commissions Recognition Reception)	7.85	
08-17-05	Smart & Final	Napkins, plates, glasses (for Aug. 18 Boards & Commissions Recognition Reception)	105.67	
08-24-05	Touch of Mesquite	Catering services (for Aug. 18 Boards & Commissions Recognition Reception) *Note: See deposit 7-12-05.	1,035.55	
11-08-05	Lasting Impressions	Engraving perpetual plaque 2005 Community Service Award	18.75	
11-11-05	JoAnn's Fabric	Ribbon for certificates	6.11	
11-30-05	Travis Catering	Catering services for Joint luncheon meeting with Faith Community/City Council	676.67	
11-30-05	Lowe's	Table centerpieces for Joint luncheon meeting with Faith Community/City Council	87.64	

11-30-05	Fritz Chin Photography	Group photo 11"x14" for community service award recipients	189.00	
12-01-05	Lasting Impressions	Outgoing Mayor's Plaque	88.89	
12-02-05	Dekra-Lite	Two (2) Centennial Banners	326.43	
12-07-05	Black Tie	Catering services for 12-7-05 Council reorganization reception	900.00	
12-09-05	Staples	Christmas Cards for Holiday Deliveries (to City staff)	12.99	
12-13-05	Specialty Cakes	Baked goods for holiday deliveries by Council to all City departments	488.00	
			<i>Total Expenditures:</i> (\$4,855.39)	<i>Ending Bal.</i> \$7,144.51



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution approving the Market Cost Adjustment (MCA) level for customers receiving Medical Rider discounts, review and provide preliminary and non-binding policy direction regarding electric rate design/structure for future adjustments to base rates by transferring rates from MCA charges to Base Rate charges, and set public hearing for February 1, 2006, to review permanent rate structure (EUD)

MEETING DATE: January 18, 2006

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt a resolution approving the Market Cost Adjustment (MCA) level for customers receiving Medical Rider discounts, review and provide preliminary and non-binding policy direction regarding electric rate design/structure for future adjustments to base rates by transferring rates from MCA charges to Base Rate charges, and set public hearing for February 1, 2006, to review permanent rate structure.

BACKGROUND INFORMATION: Council began review of the attached staff report marked Exhibit A requesting non-binding policy direction on rate design on December 21, 2005. Review of the report was limited due to time constraints and staff committed to returning for additional non-binding policy direction as future agenda availability permitted.

As part of the review Council undertook in December, Council reviewed the residential discount programs and indicated a policy preference that the residential discount programs continue unchanged from current discount levels based on explanations from staff of the magnitude and cost of those programs and comparisons of similar programs at other municipal utilities.

Issue:

Subsequent to the December 21, 2006 meeting, staff became aware that erroneous information had been provided to Council regarding the level and cost of discounts for residential customers receiving the Medical Rider discount. When presented to council, staff was not aware the medical rider customers had been exempted from the Market Cost Adjustment, and represented to council that the magnitude of the average discount was approximately 8% and the cost of the discount was approximately \$44,000. Once bills started to be received by customers, the finance department began receiving calls from customers receiving the medical rider discount, complaining about the magnitude of the increase in their bills. Upon investigation of these complaints, staff became aware that these customers had previously been exempted from the market cost adjustment, and as a result, had been receiving a discount from the standard rate of 34% for the average customer and significantly higher discounts for customers using

APPROVED: _____
Blair King, City Manager

Adopt resolution approving the Market Cost Adjustment (MCA) level for customers receiving Medical Rider discounts, review and provide preliminary and non-binding policy direction regarding electric rate design/structure for future adjustments to base rates by transferring rates from MCA charges to Base Rate charges, and set public hearing for February 1, 2006, to review permanent rate structure (EUD)
January 18, 2006
Page 2 of 4

more than the average amount of electricity (584 kwhrs/month). As a result of these customers now receiving the market cost adjustment, rates for the average customer have increased by 37% from \$54.33 per month to \$74.33 per month as opposed to the 10% increase that the average customer on the standard rate experienced in moving from a monthly bill of \$74.33 to \$81.51.

These changes are presented in tabular format below:

Consumption (Kwhrs/month)	Medical Rider Customer Billing Comparison @ 8% below Standard Residential Rate			Residential Customers Billing Comparison @ Standard Residential Rate		
	Monthly Bill w/Medical Discount Applied and no MCA	Monthly Bill w/Medical Discount Applied and New MCA	Percent Change in Bill	Monthly Bill w/o Medical Discount Applied and Old MCA	Monthly Bill w/o Medical Discount Applied and New MCA	Percent Change in Bill
584	\$54.33	\$74.33	37%	\$74.33	\$81.51	10%
1,000	\$98.17	\$165.70	69%	\$152.78	\$184.85	21%
1,500	\$167.26	\$327.39	96%	\$250.62	\$346.55	38%

As can be seen in the table above, the customers with the Medical Rider discounts are paying less than a customer on the standard residential rate for equal amounts of consumption, but are being disproportionately impacted when considered from a rate of increase on the monthly bill perspective. There are approximately 350 accounts receiving this discount. It is staff's belief that council would not have wanted to impose a rate increase on the Medical Rider customers on the order of magnitude that these customers are receiving under the new MCA structure. It is also staff's belief that Council would not want to continue to exempt these customers from any MCA, setting up the possibility for example, that a Medical Rider customer consuming 1500 kwhrs of electricity per month would pay \$167.26 while a customer using the same amount of electricity on the standard rate would pay \$346.55, or 107% more than the Medical Rider customer.

In an effort to provide options to council given the previous erroneous information provided, staff reviewed the discount programs of other municipal utilities and identified three agencies at 10%, three agencies at 25% and three agencies between 30% and 39%. Alameda, Lompoc and Ukiah, are the three comparison agencies most like Lodi and their medical discount is 10%. Gridley, Santa Clara and Redding are the next group, at 25%. SMUD, Turlock and Roseville round out the comparison at 30%, 33% and 39% respectively. In the event, Council wanted to establish a medical discount similar to the closest comparison group of Alameda, Lompoc and Ukiah, staff recommends that the current MCA be left exactly as it is currently constructed with staff incorporating the additional 2% reduction, that would be required to get to a total 10% reduction, into the permanent rate structure when those rates are brought to council in February. As part of this recommendation, council may want to consider a phase in of this increase in two steps where 50% of the increase shown above would be allowed to take affect with the December bills and the remaining increase would go into effect with the July bills. If, in the alternative, council wanted to consider a higher percentage discount, staff suggests a 25% discount from the standard rate as a compromise between the 8% reduction under the Medical Rider as originally crafted and the 34% reduction that resulted when the Medical Rider customers were exempted from the MCA back in 2001.

Adopt resolution approving the Market Cost Adjustment (MCA) level for customers receiving Medical Rider discounts, review and provide preliminary and non-binding policy direction regarding electric rate design/structure for future adjustments to base rates by transferring rates from MCA charges to Base Rate charges, and set public hearing for February 1, 2006, to review permanent rate structure (EUD)
January 18, 2006
Page 3 of 4

If a 25% discount is applied to the medical rider customers, the bill comparison would be approximately as shown in the table below:

Consumption Kwhrs/month	Medical Rider Customer Billing Comparison @ 25% below Standard Residential Rate			Residential Customers Billing Comparison @ Standard Residential Rate		
	Monthly Bill w/Medical Discount Applied and no MCA	Monthly Bill w/Medical Discount Applied and New MCA structured to achieve 25% discount	Percent Change in Bill	Monthly Bill w/o Medical Discount Applied and Old MCA	Monthly Bill w/o Medical Discount Applied and New MCA	Percent Change in Bill
584	\$54.33	\$61.13	13%	\$74.33	\$81.51	10%
1,000	\$98.17	\$138.64	41%	\$152.78	\$184.85	21%
1,500	\$167.26	\$259.91	55%	\$250.62	\$346.55	38%

As can be seen in the table above, the absolute dollar value increases for both the Medical Rider customers and the Standard Residential customers using equal amounts of electricity are very close, but the Medical Rider customers still experience a larger percentage increase because the absolute dollar value of the increase is as compared to a lower initial billing level.

In order to effectuate bills for Medical Rider customers that achieve as close as practicable, the comparison shown above, MCA rates as shown in the table below would need to be adopted by City Council as follows.

MCA Table for Medical Rider Customers				
Tier	Kwhr as implemented (EA)	Cents per Kwhr as implemented	Kwhr as proposed	Cents per Kwhr as proposed
1	0-50	2.6	0-400	0.85
2	51-300	2.9	401-508	1.0
3	301-400	4.1	509-600	2.5
4	401-508	4.9	601-781	5.5
5	509-600	4.9	782-900	9.0
6	601-781	6.5	901-1,171	10.0
7	782-900	13.2	>1,171	10.0
8	901-1,171	17.6		
9	>1,171	19.0		

A similar issue arose with the SHARE, or low income discount, and the combined SHARE/Medical Rider discount, but the affects have not been as severe as was experienced under the Medical Rider because the MCA's for these classes of customer were discounted, achieving the reduction from the standard rate that staff previously disclosed to Council. As in the case of the Medical Rider customers, the SHARE and SHARE/ Medical Rider discounts, were also exempted from the Market Cost Adjustment, however, in the design of the new Market Cost Adjustment, the MCA for a SHARE customer was set at 70% of the MCA

for a standard residential customer (reflecting a 30% discount from the standard rates) and the MCA for the combined SHARE/Medical Rider was set at 65% of the MCA for a standard residential customer (reflecting a 35% discount from the standard rates) and as a result, the rate reflects the non-binding policy preference expressed by council in December and has mitigated the rate of increase issue experienced by the Medical Rider customers. Staff therefore recommends no further adjustments to these rates need to be considered.

Recommendation:

That City Council:

- a) affirm the Medical Rider discount at 10%, leaving the current MCA unchanged and direct staff to incorporate the balance of the discount into the permanent rate design to be brought to council in February, and advise staff as to whether the rate increase should be phased in through two or more steps, or
- b) adopt the Market Cost Adjustments as proposed in the staff report which would effectuate a 25% discount from the standard residential rate, and
- c) Authorize the finance director to adjust any bills issued to customers receiving the Medical Rider discount to reflect the decisions adopted by council as part of this staff report.

FISCAL IMPACT: The impact of changing from the currently implemented MCA to the proposed MCA would be a change in the cost of the discount from approximately \$44,000 per year to approximately \$110,000 per year, or an increase of \$66,000.

FUNDING:

Ruby Paiste, Interim Finance Director

David Dockham
Interim Electric Utility Director

DD/sh

Attachments

cc: City Attorney
Deputy City Manager

**CITY OF LODI
COUNCIL COMMUNICATION****EXHIBIT A**

AGENDA TITLE: Provide preliminary and non-binding policy direction regarding electric rate design/structure for future adjustment to base rates by transferring rates from Market Cost Adjustment charges to Base Rate charges, i.e. "Truing up the Electric Rates" (EUD)

MEETING DATE: December 21, 2005

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: That the City Council provide preliminary policy direction to Electric Utility Department staff, which will serve as the basis for rate design, and the rate structure that will be brought to the City Council for approval at a future date.

BACKGROUND INFORMATION: The City Council approved a set of market cost adjustments (MCA's) on November 16, 2005. The MCA's approved by council became effective on December 2, 2005 and will be reflected in bills received by customers in December. As part of the MCA discussions, Council was told that Electric Department staff would return to the City Council for policy direction and guidance as part of a rate "true up" effort. This agenda item initiates that process and provides the opportunity for a fuller discussion of rate issues than could be accommodated during the MCA process given the urgency of the financial situation facing the City in November where the city was losing money on each unit of energy sold.

Issue: The Market Cost Adjustment implemented on December 2, 2005 allowed the Electric Utility to begin collecting for the significant increases in costs for bulk power. This Market Cost Adjustment addressed an increase in bulk power costs of over 38% since the last time a Market Cost Adjustment was made.

One of the key features of the Market Cost Adjustment is that it is supposed to be temporary in nature, requiring that the Electric Utility report on a quarterly basis the continued need for the Market Cost Adjustment and to recommend increases or decreases to the MCA as necessary. While the most recent MCA is entirely consistent with the intended purpose of the MCA, a permanent adjustment to electric rates, or "rate true up" is needed to reflect the fact that projected long term costs for bulk power will remain at or near levels secured through the current MCA and absent a structural adjustment to the base rate structure reflecting the more permanent increase in bulk power costs, the MCA would itself become a permanent feature of the rate structure, which is not what the MCA was intended for. The "rate true up" is intended to allow for a movement away from the current (temporary type) rate structure that relies heavily on the Market Cost Adjustment as an augmentation to base rates as the mechanism for meeting the overall revenue requirement for the utility, and instead providing for a movement to a permanent rate structure that relies on base rates as the mechanism for meeting the overall revenue requirement for the utility (e.g. "base rates" should be set to cover the expected average level of power and other costs).

APPROVED: _____

Blair King, City Manager

In conjunction with the incorporation of the higher costs of bulk power into the base rate structure, this “true up” provides an opportunity to address elements of rate design that the Council or staff has previously identified as problematic, and/or which could not be addressed as part of the MCA discussions due to the short period of time under which the MCA process was undertaken. In that regard, staff has identified the following issues as benefiting from Council discussion and preliminary policy guidance prior to significant effort being expended on rate design under this “true up” effort.

Discussion:

Issues to be addressed

Staff has identified the following four rate design issues as forming the basis for additional discussion and preliminary policy direction from council:

- Relationship of Rates between Classes
- Rate Structure Complexity
- Discount Levels
- Economic Development

A couple of subsidiary issues fall out of the above major issues. These relate to the following:

- All electric rates
- Mobile Home rates

Relationship of Rates between Classes

How rate levels differ by class such that sufficient revenues can be recovered to support overall utility operations is one the thorniest issues that rate designers face and is the primary decision that underpins all other rate design issues. Differences between classes are based on a number of factors:

- Cost of Service
- Competitiveness
- Economic value
- Other Local Considerations and Preferences

In short, rate designers will a) evaluate and determine the costs imposed on the utility by each class of customer, b) assess the relative competitiveness of the rates in each class to other utilities in the area and region, c) assess the relative economic value and need of certain classes in order to assess the need for credits or discounts and d) will assess other local community attitudes, values and beliefs as they may impact on rate design considerations.

To address the first factor described above, a Cost of Services Analysis (COSA) was performed for projected 2006 and 2007 costs. The purpose of the COSA was to identify the costs of serving each class of customer in order to determine how much revenue should be collected from each class based on the cost to serve a particular class. It is staff's opinion that a band should be placed around these COSA values, meaning that the values that result from the study effort can be 15% higher or lower and still accurately reflect the cost of serving a particular class of customer. The result of the 2006 COSA is displayed below with a 15% banding around the current Lodi rates in place effective December 2, 2005.

COSA studies typically serve as the foundation for rate design. Once the total amount of revenue that needs to be collected from each class is identified, rate designers can take that revenue number and divide it by the amount of energy and capacity consumed by each rate class to come up with a rate structure that allows the appropriate level of revenue to be collected from each class. The 2006 and 2007 COSA studies referenced above, validated and reinforced the abbreviated COSA study that was used as the basis for the recently approved Market Cost Adjustments (MCA's). As a result, the rates for all

customer classes except the Mobile Homes, I1 and G5 customer classes are within the COSA bands. Therefore, the classes falling within the bands can be easily transformed into a new base structure that combines the prior base rate with the recently approved MCA because the total rate with the new MCA is within the COSA banding results.

Rate (\$/kwh)	Lodi Average under MCA	COSA 2006	Low COSA 2006	High COSA 2006	PG&E Current Average w/ True Up
EA Residential	\$0.173	\$0.150	\$0.127	\$0.173	\$0.160
ED Low Income	\$0.096	\$0.149	\$0.126	\$0.171	\$0.093
EM Mobile Home	\$0.086	\$0.149	\$0.127	\$0.171	\$0.149
G1 Small Commercial	\$0.166	\$0.143	\$0.121	\$0.164	\$0.166
G2	\$0.150	\$0.136	\$0.116	\$0.157	\$0.150
G3 Small Industrial	\$0.144	\$0.135	\$0.115	\$0.156	\$0.144
G4 Medium Industrial	\$0.123	\$0.133	\$0.113	\$0.153	\$0.123
G5 Industrial	\$0.114	\$0.134	\$0.114	\$0.155	\$0.114
I-1 Industrial	\$0.089	\$0.137	\$0.117	\$0.158	\$0.114
Contract Large	\$0.085	\$0.131	\$0.111	\$0.151	\$0.108
Contract Medium	\$0.123	\$0.138	\$0.117	\$0.159	\$0.123

The Mobile Homes, I1 and Large Contract rates on the other hand were given MCAs whose effective rates were at a level of at least 40% below Cost of Service. Mobile homes will be discussed below. The industrial rate setting reflected the short amount of time provided to these customers to review and understand the basis for the increase so as to mitigate the rate shock that would occur in moving from the old rate to a COSA based rate. It also reflected an implied economic value for these customers.

The industrial customer class has expressed to EUD staff that implementation of a rate that reflects the city's cost of service for the industrial rate class would result in a rate level that would be a retreat from the city's historical policy of incentive or economic development based rates that formed the basis for many of these customers choosing to do business in Lodi. Several industrial customers have indicated that rates at the cost of service level could cause them to have to move elsewhere or shutdown as they would force costs too high for these plants to compete. As can be seen in the table above, the current Lodi rates are extremely competitive with PG&E at the current level, would be competitive with PG&E at the low end of the COSA banding level, but are not necessarily competitive with rate levels elsewhere in the region or out of the state. As a result, these customers have also expressed an interest in understanding what Lodi's long-term rate design policy will be in order that they achieve a level of stability and predictability in their rate structure, but also to make long-term business decisions about where they will conduct business.

To assist in assessing the economic value of the industrial customer class, the third element of rate design considerations, the industrial customers have agreed to fund an economic study that will report on the value of industry to the community. The report is expected to be completed on or around December 12, 2005, but was not available for staff review at the time this staff report was prepared. This report should be reviewed and considered in the context of this element of rate design.

Lastly, local considerations and preferences must be an element of rate design. As Lodi policy makers consider the future makeup of the community and assess where subsidies, discounts or credits will be

provided, consideration should be given to the type of business or industry that fits best with Lodi's long term vision of its future. If for example, Lodi wants to continue to attract industrial types of uses that will require a subsidy or credit from cost of service in order for those types of businesses to be competitive, then staff requests that council express its policy preference as retaining the relationship between classes as found in the table above. If, on the other hand, council wants to eliminate subsidies or credits to any class or provide subsidies or credits to a different class of customers in support of different strategic goals, staff requests that council express its policy preference to either eliminate subsidies and credits over time in order to achieve rates within the cost of service band or to grandfather existing customers at some level below cost of service with new customers being subject to a rate falling within the cost of service band.

As part of the MCA process, Council made a commitment to the industrial customers that the average rates effectuated through the MCA and the rate relationships between the industrial class and the remaining classes that resulted from the MCA would not be changed for the balance of the fiscal year. Any changes that occurred after that point, were to be considered in the context of the report being commissioned by the industrial customers, further discussions of the COSA studies, and further deliberations over the strategic interests of the city. Because staff and council have not seen the report on the economic value of industry to the community, it is premature to make any recommendations on new rate design for this class of customer, however, staff requests that council express a non-binding preference through a straw vote on this issue of consensus rate differentials to either:

- a) Maintain the current rate relationships as approved through the MCA through the balance of this fiscal year contingent on further discussions of the city's strategic preferences and further discussions of the results of the economic study report commissioned by the industrial customers;
- b) Maintain the current rate relationships as approved through the MCA through the balance of this fiscal year and begin working with the city council and industrial customers on a plan to transition to a cost of service based rate.

Rate Complexity

As part of the MCA process, council expressed a concern that the tiered structure of the MCA was too complex. As part of the MCA process staff had proposed a nine tiered MCA that was intended to mimic PG&E's rate structure more closely than the base two tier structure otherwise allowed, but acknowledges that this structure is too complex. In order to address the complexity issue, staff is requesting council guidance in the following four areas:

- Residential tiering
- All Electric Rates
- Industrial Structure
- Mobile Homes

Residential Tiering

Lodi's base rate structure for residential customers includes two tiers. In contrast, PG&E's residential rate structure includes five tiers. During the last Market Cost Adjustment, staff proposed implementation of nine tiers for the residential MCA in an effort to try and get the combined two-tier base rate structure and nine tier MCA to align more closely with PG&E's five-tier rate structure. Council appropriately expressed concern in general with the complexity of this large number of tiers, but did not indicate how many tiers would be too many.

A more simplified two-tier rate structure would facilitate ease of understanding by the customer. However, the rates under this structure would not compare easily to PG&E and some customers would invariably have rates higher than PG&E and some less in order to achieve the mathematical average

being less than PG&E. If the PG&E comparison is not critical, then staff would recommend that the assigned revenue requirement for residential be recovered through base rates with a winter/summer differential and only two tiers. The MCA would be set to zero. Any future MCA's would be implemented with the same two tiers. If, on the other hand, close comparisons to PG&E are desirable, staff recommends the adoption of a structure that replicates the PG&E structure with five base tiers and any future MCA's implemented with the same five tiers.

Staff requests that council express a non-binding preference through a straw vote for either:

- Moving toward the long term objective of a rate structure similar to PG&E – five tier residential rate design; *or*
- Having as the objective average customer bills that are less than PG&E with a less complicated – two tier residential rate design

All Electric Homes

Lodi currently has approximately 600 customers on the All Electric Home Rate. These customers receive a higher allotment of energy in the first tier (585 kwhrs in the all electric vs. 440 kwhrs during the summer and 1,000 kwhrs vs. 400 kwhrs in the winter) which translates into an approximate 10% discount for 585 kwhrs of consumption during the summer and an approximate 20% discount for 1,000 kwhrs of consumption during the winter. While these discounts made some economic sense in the past, they make no sense today. In the far distant past, energy costs declined as the level of production increased. That cost relationship no longer exists. The electric utility now faces increasing costs as production increases or as new generation is utilized. Because of this new relationship, providing the all-electric home customers with a larger base level of consumption at the first tier rate requires a subsidy from the standard residential customer to the all-electric residential customer. In staff's opinion, this subsidy should be eliminated and all residential customers should be treated equally. A table showing NCPA cities with and without the all-electric rate is attached as exhibit 1.

Staff requests that council express a non-binding preference through a straw vote for either:

- a) retaining the all electric home rate schedule along with its higher allocation of first tier consumption; and
- b) eliminating the distinction between the standard residential rate class and the all electric rate class.

Industrial Structure

With respect to industrial rate design and the level of complexity that currently exists, the industrial class design has three tiers or costing periods: on-peak, off-peak and partial peak. Generally, Lodi's power costs are incurred in only two periods referred to as Heavy Load and Light Load. Therefore, a reduction to two rate periods would be justified. This would also help to facilitate revenue stability by aligning revenues more closely with cost causation.

A second element of the industrial rate design that needs to be addressed is the provision for customers that use over 1 mw of electricity to self select into either of two rate classes, the I1 rate class or the G5 rate class along with the provision of an economic stimulus credit that is extended to all customers eligible to self select into either rate class where the credit is extended without regard to performance criteria, obligations or time limits.

Staff's recommendation is to eliminate the ability for any customer to self select into a rate class along with any evergreen rate credits, replacing these credits with specific agreements, if warranted, that specify the term of the agreement, provisions for modifying the agreement and performance requirements and obligations on the part of the customer that are expected in return for the credit. This is discussed in more detail later, under economic development.

Staff requests that council express a non-binding preference through a straw vote for either:

- a) Simplifying the current industrial structure with a two period (high load hour and low load hour cost structure and eliminating the evergreen economic stimulus credit and ability to self select into a rate class, *or*
- b) Maintaining current structure.

Mobile Homes

Lodi has six mobile home parks representing approximately 490 mobile home pads. Under the mobile home rate, the mobile home park is metered at a single point, called a master meter. The owner of the mobile home park then sub-meters their individual tenants and bills those tenants directly for their energy use. The city of Lodi does not send bills for electric charges to these individual tenants, but instead has a billing relationship directly with the mobile home park owner. The above rate table (in the cost of service section) demonstrates that the Mobile Homes pay significantly less than COSA, +50%.

Unfortunately, mobile home rates tend to be particularly messy when subjected to major changes due to the unique metering and billing arrangements that exist in these master metered communities and staff recommends that it would be useful to meet with the mobile home park owners to discuss the implications of significant changes to rates prior to asking for preliminary council direction in this area. As a result, staff will not ask for preliminary council policy direction in this area and bring any recommended changes regarding mobile homes back to council at a later date.

Discounts

During council's deliberations on the market cost adjustment, council members commented that discounts were both too much and not enough. In an effort to gain further insight into the differing policy objectives of different council members, staff has assembled a list of all discounts that are currently in place in the city in an attempt to enhance the discussion on discounts and to discern whether the treatment of discounts should be differentiated in any way based on the type of discount. Below is a list of the discounts currently in effect, the total cost of those discounts and the cost per account of those discounts.

Discount Analysis

	Residential Discounts	Discount	Avg by Acct	# Accounts
EAFI	Fixed Income	\$4,606	\$51	90
EAMR	Medical	\$44,257	\$126	350
ED	SHARE (low income)	\$293,036	\$181	1,618
EDMR	SHARE Medical	\$39,470	\$256	154
EEMR	All-Electric Medical	\$360	\$90	4
EF	All-Electric SHARE (low income)	\$9,232	\$176	53
EFMR	All-Electric SHARE Medical	\$777	\$173	5
	Residential Discount Total	\$391,738		2,274
	Commercial	Discount	Avg by Acct	# Accounts
G1B	G1 Community Benefits Incentive	\$6,795	\$1,045	7
G2CB	G2 Community Benefits Incentive	\$25,272	\$5,616	5
	Commercial Discount Total	\$32,067		12
	Industrial Discounts/Credits	Discount	Avg by Acct	# Accounts
ESRC	Economic Stimulus Rate	\$801,334	\$72,849	11
	Individual Contracts	\$805,840	\$115,120	7
	Industrial Discount Total	\$1,607,174		18

Residential Discount Programs

Fixed Income

For those customers on fixed incomes below \$45,000 annually and who are over 62 years old and do not qualify for any other discount, a discount of 5% on their electric bill is available. There are currently 90 accounts receiving this discount with a total annual cost of \$4,606.

Medical Rider

Residential customers on the standard residential rate (EA), the SHARE program rate (ED) or the Mobile Home rate (EM) are entitled to an additional 500 kwhrs of electricity at a lower first tier rate under the Medical Rider Discount. To qualify for the Medical Rider, customers must demonstrate that they are either: a) dependent on life support devices used in the home, b) a paraplegic, quadriplegic or hemiplegic person having special air-conditioning needs, c) a multiple sclerosis patient having special heating or cooling needs or d) have another medical condition requiring special heating or cooling needs that would be reviewed on a case by case basis. Customers are also allowed to combine discounts if eligible for both the SHARE discount and the Medical Rider, but for the purposes of this paragraph, only the Medical discount will be discussed. There are currently 354 accounts receiving this discount with a total annual cost of \$134,032. The discount results in an approximate 8% reduction from the standard applicable rate.

SHARE

The SHARE discount is available to any customer in single family or multi family dwellings separately metered by the City of Lodi (including mobile home tenants) where the customer meets the special income requirements of the rate schedule:

Number of Persons in Household	Maximum Annual Household Income
1-2	\$22,000
3	\$25,900
4	\$31,500
Each additional person	\$5,200

There are currently 1,671 accounts receiving this discount with a total annual cost of \$397,168. The discount results in an approximate 30% reduction from the standard applicable rate.

Combined SHARE/Medical Rider

Customers eligible for either the SHARE discount or Medical Rider discount are eligible to combine the discounts. There are currently 159 accounts receiving the combined discount at a total annual cost of \$50,448. The discount results in an approximate 36% reduction from the standard applicable rate.

Residential Discount Policy Direction

For comparison purposes, staff has assembled comparisons from other NCPA cities that show the discounts and levels of discounts that are provided for each of the categories of residential discounts as Exhibit 2. Staff requests that council express a non-binding preference on residential discount programs through a straw vote to either:

- retain the existing discount programs with approximately the same level of discount applied to each program
- retain the existing discount programs with a reduced level of discount applied to each program
- retain the existing discount programs with an increased level of discount applied to each program
- eliminate the existing discount programs

Commercial Discount Programs

G1 and G2 Community Benefits Incentive Discount

Non-profit entities (as defined in Federal Internal Revenue code 501(c)(3) who are currently receiving Federal Community Development Block Grant Funds or have received such funds not more than two years before preparation of the current billing cycle charge are eligible for a 30% discount on energy and demand charges. There are a total of seven G1 accounts receiving this discount at a cost of \$6,795 and a total of five G2 accounts receiving this discount at a total cost of \$25,272. A list of the customers receiving the Community Benefits Incentive discount is attached as Exhibit 3.

Staff requests that council express a non-binding preference through a straw vote to either:

- a) retain the existing discount programs with approximately the same level of discount applied to each program
- b) retain the existing discount programs with a reduced level of discount applied to each program
- c) eliminate the existing discount programs

Economic Development

There have been a number of mechanisms employed by Lodi to attract employers into the city. Staff has been unable, however, to locate analyses that evaluated the costs and benefits of offering these mechanisms for economic development purposes. As indicated above, the industrial customers have commissioned a study that is intended to evaluate the value of industry to the community and which may assist the council in its future deliberations on economic incentives. In the absence of background materials describing the purpose and value for the various industrial credits and discounts, staff will describe the discount and the qualifying criteria.

Economic Stimulus Credit

The economic stimulus credit is provided to **all** customers in the G5 and I1 rate classes. The credit is a permanent feature of the rate. The credit provides for a \$/kWh reduction off the published rate for each kWh consumed. The credit amounts to an approximate 5% to 10% discount from the published rates. As noted above, staff recommends eliminating any evergreen discounts from the rate structure and instead incorporating any desired discounts into specific agreements with explicit end dates, modification criteria and performance obligations.

Under the Market Cost Adjustment and rate lock commitment provided to the industrial customers through the end of this fiscal year, the Economic Stimulus Credit has been effectively subsumed into the overall industrial rate reduction from cost of service. Future designs will need to determine whether this feature is explicitly retained or eliminated. For example, if industrial rates were set at a specific level below cost of service, the resulting rate differential could serve as a permanent, transparent method of valuing the economic benefit of these customers. Alternatively, the industrial rate could be set at cost of service, and only selected and qualified customers could be offered the economic development credit, in which case, an explicit rate value would need to be made available.

Individual Contracts

In the past, in order to attract customers and/or to allow customers under expiring below market contracts to transition to the published rate over a longer period of time, special agreements were put in place. The original intent was for these contracts to act as an attraction or retention tool with the expectation that they would expire on a specific date after which the customer would transition to the published rate. These contracts are largely operating as intended, with the exception that the transition rate should have been slightly higher than has turned out to be the case, and that a more detailed cost benefit analysis of

the contracts could have been undertaken. Contracts can be effective tools for economic development if used in a manner that clearly supports the strategic objectives of the city.

In order to begin sorting out the myriad of economic development options available to the city council, staff requests that council express a non-binding preference through a straw vote on the following issues:

- a) a yes or no vote on whether the economic stimulus credit should be retained
- b) a yes or no vote on whether the economic stimulus credit should be limited in duration (e.g. 5 years or less)
- c) a yes or no vote on whether the economic stimulus credit should be tied to measurable and/or quantifiable returns to the community
- d) a yes or no vote on whether the economic stimulus credit should be tied to a maximum discount from Cost of Service
- e) if the answer to d is yes, a yes or no vote on whether the maximum discount from cost of service should be greater or less than 25%


Next Steps

Based on the preliminary and non-binding policy preferences expressed by city council, staff can prepare an updated rate design incorporating those preliminary policy preferences. The updated rate design will then be brought back to city council for further council and public input and deliberation.

FISCAL IMPACT:

FUNDING:


James R. Krueger, Finance Director


David Dockham
Interim Electric Utility Director

DD/lt

Attachments

Exhibit 1 - Comparison of All Electric and Mobile Home Rates

NCPA Members	All-Electric Rate	Mobile Home Rate	
Alameda	Yes	No	Residential-Master Meter
Biggs	No	No	
Gridley	No	No	
Healdsburg	Yes	No	Residential-Individual
Lompoc	Yes	No	Residential-5 Master and 2 Individual
Palo Alto	No	No	Residential-Individual
Plumas-Sierra	No	No	Commercial-Master Meter
Roseville	No	No	Residential-Individual Meter
Ukiah	Yes	No	Residential-Master Meter
Lassen Municipal	No	No	Residential-Individual
Redding	No	Yes	Residential-Master Meter
Santa Clara	No	No	Residential-Individual
Truckee Donner	No	No	Residential-Individual
Turlock	No	No	Residential-Individual

Rates as of 12/5/05

12/14/2005

Exhibit 2 - Comparison of Low Income and Medical Discount Programs

600 kWh Average

NCPA Members	Low Income	Discount	Medical	Discount	Medical Low Income	Discount
Alameda	Yes	25%	Yes	10%	Yes	15%
Biggs	No	0%	No	0%	No	0%
Gridley	No	0%	Yes	25%	No	0%
Healdsburg	Yes		Yes			
Lompoc	No	0%	Yes	10%	No	0%
Palo Alto	Yes	20%	No	0%	No	0%
Plumas-Sierra	No	0%	No	0%	No	0%
Roseville	Yes	15%	Yes	39%	No	0%
Ukiah	Yes	\$25	Yes	10%	No	0%
Lassen Municipal	No	0%	No	0%	No	0%
Redding	No	0%	Yes	25%	No	0%
Santa Clara	Yes	25%	Yes	25%	No	0%
Truckee Donner	No	0%	No	0%	No	0%
Turlock	Yes	15%	Yes	33%	No	0%

50% on first 500 kWh per month and 15% above 500 kWh
500 kWh

50% reduction on first 500 kWh

Rates as of 12/5/05

SMUD Yes 30% Yes 30% Yes 50%

12/14/2005

Exhibit 3 - Community Benefit Incentive Customers

Community Benefit Incentive Customers
Lodi Adopt A Child
Lodi Boys and Girls Club
Loel Foundation
Lodi House
Lodi Salvation Army
Hill House Museum

12/14/2005

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
IMPLEMENTING AND ADJUSTING THE MARKET
COST ADJUSTMENT LEVEL FOR ELECTRIC RATES
FOR CUSTOMERS RECEIVING MEDICAL RIDER
DISCOUNTS

WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides electricity to its citizens through the Lodi Electric Utility Department;
2. The City charges customers of this utility a charge to fund the on-going operation and maintenance of the electric supply;
3. The Lodi Municipal Code authorizes the City Council to impose by resolution a Market Cost Adjustment to address cost spikes in the wholesale electric market (Lodi Municipal Code Section 13.20.175).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charges. Pursuant to Section 13.20.175 of the Lodi Municipal Code, the Market Cost Adjustment Level for electric rates for customers receiving Medical Rider Discounts are hereby implemented in the amounts shown as follows:

MCA Table for Medical Rider Customers				
Tier	Kwhr as implemented (EA)	Cents per Kwhr as implemented	Kwhr as proposed	Cents per Kwhr as proposed
1	0-50	2.6	0-400	0.85
2	51-300	2.9	401-508	1.0
3	301-400	4.1	509-600	2.5
4	401-508	4.9	601-781	5.5
5	509-600	4.9	782-900	9.0
6	601-781	6.5	901-1,171	10.0
7	782-900	13.2	>1,171	10.0
8	901-1,171	17.6		
9	>1,171	19.0		

Section 4. The City Council hereby:

- a) Affirms the Medical Rider discount at 10%, leaving the current MCA unchanged and direct staff to incorporate the balance of the discount into the permanent rate design to be brought to council in February, and advise staff as to whether the rate increase should be phased in through two or more steps, or

- b) Adopts the Market Cost Adjustments as proposed in the staff report which would effectuate a 25% discount from the standard residential rate, and
- c) Authorizes the Finance Director to adjust any bills for December 2005 and January 2006 issued to customers receiving the Medical Rider discount to reflect the decisions adopted by council as part of this staff report.

Section 3. Effective Date. This resolution shall take effect immediately.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive report on risk management policies and adopt resolution approving policy entitled, "City of Lodi Energy Risk Management Policies" (EUD)

MEETING DATE: January 18, 2006

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: That the City Council receive the report on Risk Management Policies in use by comparison municipal utilities and adopt, by Resolution, the attached City of Lodi Energy Risk Management Policies.

BACKGROUND INFORMATION: The City Council has implemented a series of measures over the last three months, addressing the financial condition of the electric utility. The first effort was to secure sufficient energy supplies at a known cost in order to meet Lodi's load serving obligations to its customers and to ensure stable costs through the balance of the fiscal year. The second effort was to increase rates through an interim Market Cost Adjustment mechanism in order that sufficient revenues would be recovered from Lodi's customers to cover the costs of providing those services. The third step, which is in process, will be to transform the interim and temporary Market Cost Adjustment into a permanent rate structure that reflects Lodi's ongoing projected costs of operations. The fourth and final major element of activities addressing the financial condition of Lodi Electric is the preparation of a Risk Management Plan.

Issue:

Lodi Electric procures significant portions of its energy needs through market purchases. These market purchases include gas, which is converted to energy through Lodi's ownership interests in gas turbine projects and direct purchases of electricity from the market to fulfill Lodi's load serving obligations to its customers. Lodi has also sold surplus energy and capacity from time to time when it has found itself in a surplus condition.

Reliance on the market for a large percentage of Lodi's load serving obligations and the absence of comprehensive procurement strategies have lead to the need to procure energy in highly volatile markets and increased costs for purchased power. As a result, the City Council has requested that Lodi Electric prepare a Risk Management Policy and Procedure document that can be used to begin reducing the uncertainty and volatility that Lodi has experienced regarding its energy market transactions.

To fulfill that request, staff has accumulated Risk Management Policy and Procedure (RMPP) documents from the cities of Santa Clara, Palo Alto and Roseville as being representative of effective policies and procedures and has compared and contrasted the policies of those agencies in a white paper attached to this council communication. Based on this analysis, and review of the applicability of the policies of these agencies to Lodi's operations, staff has prepared the attached "Energy Risk Management Policies" for City Council review and approval.

APPROVED: _____
Blair King, City Manager

Discussion:

The Energy Risk Management Policy addresses the following items:

- A description of the purpose and scope of the policy
- Discussion of the risk management strategy and objectives
- Identification of risks the policy is intended to address
- Specification of allowed and prohibited transaction types
- Identification of the roles and responsibilities of oversight bodies and responsible staff
- Specification of reporting and transacting measures and controls
- Compliance criteria

Ideally, city staff charged with responsibility for transacting under this policy and/or charged with responsibility for acting in an oversight role under this policy would have been given significantly more time to review and participate in the development of this document than was able to be provided. As a result, should the City Council approve this policy, Council should direct that the Risk Oversight Committee (ROC) continue to review and refine this policy document and return to City Council with recommended changes within six months, or earlier if determined necessary by the ROC.

FISCAL IMPACT: No immediately measurable direct fiscal impact. Adoption of this policy will provide greater certainty of wholesale power supply costs and reduce exposure to a variety of energy procurement cost risks.

FUNDING: Not applicable

David Dockham
Interim Electric Utility Director

DD/lst

Attachments (3)

cc: City Attorney

City of Lodi

Energy Risk Management Policies

January 7, 2006

Purpose:

The purpose of the Risk Management Program is to ensure that risks associated with Lodi's bulk power procurement program are properly identified, measured and controlled.

Scope:

The policies are to be applied to all aspects of Lodi's wholesale procurement and sales activities, long-term contracting associated with energy supplies, capital projects and associated financing documents related to generation, transmission, transportation or storage, and participation in Joint Powers Agencies (JPA's).

These policies do not address the following types of general business risk, which are treated separately in other official policies, ordinances, and regulations of the city: fire, accident and casualty, health, safety, workers compensation and other such typically insurable perils.

Risk Management Program Strategies:

1. Identify, measure and control risks that would have an adverse affect on retail rate stability
2. Assign risk management responsibilities to appropriately qualified individuals and committees

Risk Management Program Objectives:

1. Maintain a regularly updated inventory of Lodi's Bulk Power Procurement Program risks
2. Establish risk metrics and reporting mechanisms that provide both quantitative and qualitative assessments of potential impacts to rate stability
3. Adopt business practices that encourage development of appropriate levels of operating reserve funds, contribute to retail rate stability and maintain appropriate security for established funds

Risk Inventory:

Lodi Electric must inventory and address the following categories of risk as a component of the monitoring and reporting under the risk management program:

- Price Risk
- Credit Risk
- Operational Risk
- Contingent Liabilities

Price Risk – Price risk is the risk that wholesale prices may increase relative to open position needs and/or long term supply contracts may move “out of the money”, or become unprofitable or costly in comparison to prevailing price levels.

Credit Risk – Credit risk is the risk associated with entering into any type of transaction with another counterparty and is generally segmented into the following five categories:

1. Trading Counterparties and retail customers fail to pay for energy delivered
2. Trading counterparties and/or wholesale suppliers fail to deliver contracted for energy
3. Trading counterparties fail to take delivery of energy sold to them, necessitating a quick resale elsewhere, likely at a loss
4. Counterparties, may refuse to extend credit or charge a premium for credit risks
5. Counterparty transactions are too concentrated among a limited number of suppliers

Operational Risk – Operational risk consists of the potential to effectively plan, execute or control business activities. Operational risk includes the potential for:

1. Inadequate organizational infrastructure, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, absence of internal checks and balances, incomplete and untimely planning, incomplete and untimely reporting, failure to separate incompatible functions, etc.
2. Absence, shortage or loss of key personnel
3. Lack or failure of facilities, equipment, systems and tools such as computers, software, communications links and data services;
4. Inability to finance capital projects or meet financial obligations incurred in the course of wholesale operations;
5. Exposure to litigation or sanctions as a result of violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting contracts effectively, etc.
6. Errors or omissions in the conduct of business, including failure to execute transactions, violations of guidelines and directives, etc.

Contingent Liabilities – contingent liabilities consist of liabilities that Lodi could incur in the event of the failure of other parties to discharge their obligations. At present, these consist of three principle categories:

1. Guarantees and step up provisions in the enabling agreements for the Joint Powers Agencies (JPAs) of which the city is a member
2. Project closure, decommissioning, environmental remediation and other obligations which result from Lodi's own activities and from JPA projects and activities;
3. Provisions for take or pay, termination payments and/or margin calls in the city's long-term electric power supply agreements.

Prohibited and Authorized Transaction Types:

Prohibited Transaction Types

Speculative buying and selling of energy products is prohibited. Speculation is defined as buying energy that is not needed for meeting forecasted load, selling energy that is not owned and/or selling energy that is not surplus without simultaneously replacing that

energy at a lower cost. In no event shall transactions be entered into to speculate on market conditions.

Approved Transaction Types

1. Purchase energy to serve load above what is expected to be generated or purchased from existing resources.
2. Sell existing capacity or energy that is expected to be in excess of Lodi's load serving obligations
3. Purchase gas that is expected to be needed to fuel owned plants
4. Sell surplus gas if more economic energy is available for purchase
5. Execute financial transactions to fix the price of variable commodity purchases or sales
6. Purchase simple call options to limit price exposure on short gas or electricity positions
7. Sell simple call options or tolling agreements on capacity that is expected to be in excess of Lodi's load serving obligations
8. Purchase emissions allowances deemed necessary for efficient operations of owned generating facilities
9. Purchase or sell firm transmission rights to manage congestion price risk
10. A purchase/sale of energy at the California Oregon Border and a sale/purchase of energy at NP15 to take advantage of Lodi's transmission capacity
11. A purchase of natural gas and a sale of energy to take advantage of excess gas fired peaking capacity
12. A sale of natural gas and a purchase of electricity to take advantage of market heat rates below NCPA gas fired generation.

Transactions that are not included in the Approved Transactions Type list are prohibited, unless explicitly approved by the City Council.

Energy Risk Management Roles, Responsibilities and Organization:

City Council

The City Council is responsible for making high-level, broad policy and strategy statements as contained in the Energy Risk Management Policy document. The City Council adopts the Energy Risk Management Policies as developed and recommended by the Risk Oversight Committee and delegates the City Manager to execute it. The City Council will review the Energy Risk Management Policy every year. Additionally, the City Council shall receive reports quarterly from the City Manager regarding risk management activities. These reports will be provided to the Council within six weeks after the end of each calendar quarter.

City Manager

The City Manager has overall responsibility for executing and ensuring compliance with policy adopted by the City Council. The City Manager reports quarterly to the City Council regarding energy risk management activities.

Risk Oversight Committee (ROC)

The ROC shall include as voting members, the City Manager, Assistant City Manager, City Attorney and the Electric Utility Director; or in the case of their absence, their designees. The City Manager shall appoint the chair of the ROC. Additional non-voting members may be invited to participate on the ROC based on supporting expertise required by the ROC.

The ROC shall meet not less than once per month, or as otherwise called to order by the City Manager or City Council. The ROC shall keep minutes of all meetings and business transacted and shall appoint one of its members to perform this task. A quorum for the ROC to do business shall consist of all members or their designees. The ROC shall request attendance at its meetings by, and/or reports from, other persons as appropriate. The City Manager shall make regular reports to the City Council regarding business transacted by the ROC at such intervals and/or upon such occasions as the Council shall direct.

The ROC shall have the responsibility for ensuring that business is conducted in accordance with the Energy Risk Management Policies (ERMP). The ROC shall from time to time, adopt and bring current risk management business practices, defining in detail the internal controls, strategies and processes for managing risks associated with the adoption of those business practices. The ROC shall recommend to the City Council the categories of transactions permitted and set risk limits for those transactions. The ROC, with the approval of the City Manager, shall confirm the assignment of authority to execute wholesale trading transactions, and administer retail accounts, supply contracts, capital projects and JPA relationships.

Electric Department

The Electric Department shall participate on the ROC through the Electric Utility Director. The Electric Utility Director shall provide load forecast information and coordinate the receipt and dissemination of relevant market and transactional information undertaken on Lodi's behalf through NCPA.

Finance Department

The Finance Department shall participate on the ROC through the Assistant City Manager and provide accounting and cash flow information to the ROC.

Legal Department

The Legal Department shall participate on the ROC through the City Attorney and provide legal advice and representation and ensure that business is carried out in compliance with all applicable laws, regulations and executive court orders.

Reporting

Quarterly reports shall be provided to the City Council, which provide detail on the City's forward purchases, market exposure, credit exposure, transaction compliance and other relevant data.

Quarterly Reports shall include:

- Load and Resource balances as forecast and adopted in the current operating years budget
- Load and Resource balances as adjusted due to operating conditions or purchases occurring during the quarter
- An assessment of market exposure
- An assessment of the quarterly change in power supply cost from budget
- Credit Exposure by counterparty
- A summary of any purchases made during the quarter
- An assessment of any counterparty credit problems

Transaction Limits and Controls

For transactions executed on behalf of Lodi through NCPA, trade authorization levels, counterparty credit limits and minimum counterparty rating criteria shall be as described in NCPA's "Trade and Risk Management 1999 Interim Policies, Processes and Procedures (RMPP)", which are made a part of this document, and attached hereto.

Material changes to NCPA's RMPP shall be reported to the City Council as part of the quarterly reporting under Lodi's Energy Risk Management Policy.

For transactions executed on behalf of Lodi through NCPA, the City Manager and the Electric Utility Director shall have the authority to direct NCPA to enter into purchase agreements under authority granted by the City Council, by Resolution. The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Because NCPA cannot enter into agreements on behalf of pooling members for longer than one year, power supply contracts that have terms longer than one year, or that begin delivery more than one year into the future must be executed directly by Lodi.

For transactions executed directly by Lodi, the City Manager and the Electric Utility Director shall have the authority to enter into purchase agreements under authority granted by the City Council, by Resolution.

The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Any resolution delegating authority to the city manager to contract for electricity shall specify generally at least the following terms and conditions and the description of energy and energy services to be procured, including, but not limited to, on-peak and off-peak energy and ancillary services; term, specifying a not-to-exceed period of time; period of delivery denoted in years or months; and point of delivery on the locus on the interstate transmission system on which the delivery is made.

Any delegation of authority to contract for gas shall specify generally at least the following terms and conditions; quantity and the description of gas services to be procured, including but not limited to scheduled gas and gas transportation services, specifying a not-to exceed period of time; period of delivery denoted in years or months or years and months; and point of delivery of the locus on the interstate transmission system at which the transfer of title is made.

For contracts executed directly by the City, the City shall use standardized form contracts for the procurement of gas and electricity, as practicable, including, but not limited to form contracts created and copyrighted by the Edison Electric Institute, the Western States Power Pool, and the North American Energy Standards Board. Unless waived by resolution of the City Council, a counterparty shall obtain and maintain during the term of the contract, the minimum credit rating established as of the date of award of the contract of not less than a BBB- credit rating established by Standard and Poor's and a Baa3 credit rating established by Moody's Investors Services.

All procurement of gas and electricity by contract shall conform to the requirements of the Energy Risk Management Policies.

Compliance

Compliance exceptions are actions, which violate the authority limits, requirements or directives set forth in the Energy Risk Management Policy. All exceptions shall be reported immediately to the City Manager and quarterly to the City Council in the quarterly exception report.

Willful violations of the Energy Risk Management Policy will be subject to review and may be cause for discipline or dismissal.

Risk Management White Paper for Lodi Electric

Background:

The city council has implemented a series of measures over the last three months, addressing the financial condition of the electric utility. The first effort was to secure sufficient energy supplies at a known cost in order to meet Lodi's load serving obligations to its customers and to ensure stable costs through the balance of the fiscal year. The second effort was to increase rates through an interim Market Cost Adjustment mechanism in order that sufficient revenues would be recovered from Lodi's customers to cover the costs of providing those services. The third step, which is in process, will be to transform the interim and temporary Market Cost Adjustment into a permanent rate structure that reflects Lodi's ongoing projected costs of operations. The fourth and final major element of activities addressing the financial condition of Lodi Electric is the preparation of a Risk Management Plan. This white paper is intended to a) identify the key elements of a Risk Management Plan b) compare and contrast the Risk Management policies and procedures in use at other municipal utilities, c) to suggest an initial and preliminary set of Risk Management Policies and Procedures that could be put in place by Lodi Electric, d) to identify future actions that should be considered by the city council in order to migrate from an initial, preliminary set of Risk Management Policies and Procedures to a more permanent set of Risk Management Policies and Procedures, and e) assist the council as it considers which Risk Management Policies and Procedures would be useful for Lodi.

Issue:

Lodi Electric procures significant portions of its energy needs through market purchases. These market purchases include gas, which is converted to energy through Lodi's ownership interests in gas turbine projects and direct purchases of electricity from the market to fulfill Lodi's load serving obligations to its customers. Lodi has also sold surplus energy and capacity from time to time when it has found itself in a surplus condition.

Reliance on the market for a large percentage of Lodi's load serving obligations and the absence of comprehensive procurement strategies have lead to the need to procure energy in highly volatile markets and increased costs for purchased power. As a result, the City Council has requested that Lodi Electric prepare a Risk Management Policy and Procedure document that can be used to begin reducing the uncertainty and volatility that Lodi has experienced regarding its energy market transactions.

Staff has accumulated Risk Management Policy and Procedure (RMPP) documents from the cities of Santa Clara, Palo Alto and Roseville as being representative of effective policies and procedures. A key feature of these policies and procedures is that they were originally developed through a committee structure (meaning several key personnel were involved in the drafting, review and approval process) and they have been continually updated and refined over time based on experience (both good and bad). A major benefit of the committee drafting method is the education and increased level of understanding that occurs throughout the organization regarding all aspects of the Risk Management

Program criteria as opposed to the knowledge being vested with a single person when drafted in singular fashion. While this white paper will attempt to set forth a compelling first draft of recommended policies and procedures, a committee of individuals throughout the organization should ultimately be assembled to refine, critique, understand and update the document.

A second major feature of these documents is that they are written with the acknowledgement that these cities will be entering into transactions on their own account, meaning they will directly negotiate deals with counterparties and execute the transactions, which requires an organizational risk management structure that can support these activities. In Lodi's case, it is anticipated that NCPA would negotiate the deals, execute the agreements and have the appropriate organizational infrastructure and staff in place to support this element of a risk management program, however, Lodi would still need to have an organizational structure in place that was sufficient to review and approve the actions taken by NCPA or to provide direction to NCPA to enter into a particular transaction on Lodi's behalf. Even though these cities take a more active role in initiating and consummating energy transactions than Lodi is likely to experience, the Risk Management Policies and Procedures prepared by these cities can provide significant guidance to Lodi as Lodi develops its own program, and associated policies and procedures.

Elements of the Risk Management Program:

In comparing the Risk Management Programs from the three cities, all have the following elements as features of the overall program:

- A description of the purpose and scope of the policy
- Discussion of the Risk Management strategy and objectives
- Identification of risks the policy is intended to address
- Specification of allowed and prohibited transaction types
- Identification of the Roles and Responsibilities of oversight bodies and responsible staff
- Specification of reporting and transacting measures and controls
- Compliance criteria

Comparison of Purpose and Scope Descriptions

Santa Clara

The Risk Management program is intended to be applied to all areas of Santa Clara's business including wholesale trading, retail marketing, long-term contracting, capital projects and participation in Joint Powers Agencies (JPA's). The regulations are intended to address market risks consisting of price risk, credit risk, regulatory risk, and contingent liabilities arising from Santa Clara's participation in the electricity markets in the western United States. The regulations explicitly exclude other general business risks such as fire, accident and health, workers compensation and other typically insurable perils.

Palo Alto

The Risk Management program is intended to detail the key control structures and policies for a sound risk management process based on sound utility risk management principles. The policies are applied to the electric, natural gas and telecommunications

business units. The policies are developed to address risks associated with wholesale and retail operations, capital projects related to generation, transportation, transmission or storage (not distribution projects), and participation in joint powers agencies. The policy specifically excludes general business risks such as fire, accident, casualty, workers comp, general liability and expressly excludes the electric and natural gas distribution business units.

Roseville

Roseville takes a slightly different angle in describing its purposes and scope, stating the Risk Management program is designed to ensure that general enterprise risks are properly identified, measured and controlled and that it is the general philosophy of Roseville to avoid unnecessary risks and to limit, to the extent practicable, risks assumed or retained to those with measurable outcomes that are within Roseville's risk tolerance.

Discussion of similarities and differences

There is little difference between the agencies in terms of defining the purpose and scope of their individual risk management programs. All have focused on bulk power program related risks to the organization as the primary purpose of the policy and Lodi should adopt the same approach.

Suggested Lodi Purpose and Scope Statements

Purpose: The purpose of the Risk Management Program is to ensure that risks associated with Lodi's bulk power procurement program are properly identified, measured and controlled.

Scope: The policies are to be applied to all aspects of Lodi's wholesale procurement and sales activities, long-term contracting associated with energy supplies, capital projects and associated financing documents related to generation, transmission, transportation or storage, and participation in Joint Powers Agencies (JPA's).

These policies do not address the following types of general business risk, which are treated separately in other official policies, ordinances, and regulations of the city: fire, accident and casualty, health, safety, workers compensation and other such typically insurable perils.

Comparison of Risk Management Strategies and Objectives

Santa Clara

Santa Clara identifies the following five strategies:

1. Maintaining an integrated and balanced portfolio of resources and obligations with built in hedges

2. Matching the resource position to market trends, i.e. long during periods of growth and rising prices and short in times of shrinkage and falling prices
3. Knowing and being an active participant in the electricity market place
4. Instituting and applying state of the art management techniques and processes
5. Assigning risk management responsibility to appropriately qualified people

Objectives are expressed through the following mission statements:

1. Assist in achieving the business objectives in the strategic plan
2. Discharge fiduciary responsibilities for assets of the City which are managed by SVP
3. Avoid losses which would materially impact the financial condition of SVP and the City
4. Sustain financial returns which are proportional to the risks taken and the capital invested
5. Facilitate the judicious pursuit of market opportunities by SVP
6. Encourage the development and maintenance of a corporate culture at SVP in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills and analytical rigor come together to achieve objectives.

Palo Alto

The city of Palo Alto expresses its Risk Management strategy as a philosophy by indicating “the basic premise underlying the City’s energy risk management attitude is that no activities related to energy purchase and sales should expose the City to the possibility of large financial losses in relation to the size of the electricity and gas reserve funds. They then go on to describe the objectives as follows:

1. Retail Rate Stability – mitigate market and credit risk by managing the risks inherent in the commodity markets in which CPAU participates and maintaining the safety of gas and electric reserve funds.
2. Preserve a supply cost advantage – reduce exposures to potential adverse energy price movements, enhance revenue by taking advantage of flexibility inherent in CPAU contracts and resources and enhance revenues by offering commodity products that address customer needs and adequately cover costs.
3. Efficient and Cost Effective Business Processes – staff will utilize business practices and controls that are sufficient to identify, evaluate and manage risks that are designed to streamline and minimize recording, analysis and reporting requirements.

Roseville

Roseville does not explicitly state its strategies or objectives in its risk management document, but does go into great detail on the tactics they will use to minimize risks. Tactics will be compared and addressed later in this white paper.

Discussion of Similarities and Differences

Each of the agencies approaches the development of strategies and objectives quite differently. In Santa Clara’s case, they have established a dispatch center; have surplus capacity in both generation and transmission and transmission connections to both the

southwest and the northwest. As a result, they want to be active participants in the market such that they can take advantage of price differences between the three markets (Pacific Northwest, California and Desert Southwest) themselves. Their strategy could be characterized as an offensive strategy, where they want to minimize risk, but they are willing to take some risk if there is an appropriate return associated with the risk. In order to accomplish this, they have assembled a staff that is sufficient to allow them effectively trade in the markets on a daily basis in addition to the capability to enter into short and long-term contracts. Palo Alto, on the other hand, has more of a defensive strategy, where their goal is to maintain preservation of rate stabilization fund balances and to maintain rate stability. In order to do this, Palo Alto has taken a long-term perspective, committing to series of short and long-term purchases at known prices, and does not actively participate in daily market transactions. Palo Alto has assembled the necessary staff that allows them to effectively plan, initiate and execute contracts for the short and long term purchases. Roseville fits between the Santa Clara and Palo Alto models. They are in the process of assembling staff that would allow them to move to more of the Santa Clara model, but in the interim, have engaged in financial transactions, prohibited under Palo Alto's defensive strategy, that in Roseville's view, have the appropriate risk to return tradeoffs.

Lodi's financial position and limited staffing requires that Lodi operate more in line with Palo Alto's defensive strategy by adopting practices that contribute to retail rate stability and preservation of Lodi's limited fund balance.

Suggested Lodi Strategies and Objectives

Strategies:

3. Identify, measure and control risks that would have an adverse affect on retail rate stability
4. Assign risk management responsibilities to appropriately qualified individuals and committees

Objectives:

4. Maintain a regularly updated inventory of Lodi's Bulk Power Procurement Program risks
5. Establish risk metrics and reporting mechanisms that provide both quantitative and qualitative assessments of potential impacts to rate stability
6. Adopt business practices that encourage development of appropriate levels of operating reserve funds, contribute to retail rate stability and maintain appropriate security for established funds

Comparison of Risk Inventories

Each of the documents go through a fairly extensive discussion of the utility specific risks that each of the cities face under the particular category of risk described. Discussion and development of these specific risks though a committee type setting is one of the most valuable educational processes that committee members and individuals charged with carrying out elements of the risk management program can undertake. The discussions invariably lead to an improved understanding of all of the elements of risk and frequently lead to improvements in the overall policies and procedures that would not have been realized if written by one individual. As part of Lodi's Risk Management program

development, additional committee work should continue to discuss and refine both the broad and specific categories of risk that are suggested for Lodi in this white paper.

Santa Clara

Santa Clara identifies the categories and subcategories of risk, defining them in the following fashion:

Market Risk:

Price Risk – wholesale trading positions, long – term supply contracts and generation resources may move out of the money, or become unprofitable or costly in comparison with similar positions, contracts or resources obtainable at present prices.

Credit Risk – any risk that SVP incurs as a result of selling to and buying from other entities. For example, counterparties and customers may fail to pay for energy delivered. Trading counterparties may fail to deliver contracted for energy. Counterparties may fail to take delivery of energy sold to them. Counterparties and suppliers may refuse to extend credit.

Regulatory Risk – risk that regulatory agencies, courts and legislatures may take which a) result in fines, assessments or other unrecoverable costs b) adversely affect market prices or liquidity, c) impairs the capability of trading counterparties, d) prevent SVP from performing to its own contractual obligations, e) interfere with SVP's generation, transmission or distribution operations or f) interfere with the City's ability to finance capital projects

Operational Risk – consists of the potential for failure to act effectively to plan, execute and/or control business activities.

Palo Alto

Palo Alto describes its risk inventory through its reporting mechanisms and the responsibilities that have been assigned to functional areas created under the risk management policies. For example Palo Alto has established the traditional “Front Office”, “Mid – Office” and “Back Office” organizational structure and assigned the following responsibilities to individuals in those areas. The Front Office is responsible for resource planning and procuring energy supplies and services. This would encompass the “Operational Risk” and “Regulatory Risk” activities outlined in the SVP discussion above. The Mid Office is responsible for Controls and Reporting, incorporating elements such as review and reporting on portfolio exposure, credit exposure, transaction compliance, ongoing approval of counterparty credit and ongoing monitoring of compliance with policies, guidelines and procedures. This would encompass the “Market Risk” element as outlined in the SVP discussion above.

Roseville

Roseville takes a slightly different approach in outlining its risk inventory, spending more time on a narrative of the specific types of risks it is exposed to given its resource/fuel mix and its location on the grid in California. The more detailed description of Roseville's specific risks can also be segmented into the broad categories enumerated by SVP:

- Price Risk
- Credit Risk
- Operational Risk
- Regulatory Risk

Discussion of similarities and differences in the risk inventory

The categories of risk being considered by three agencies are virtually identical, and would be the same for Lodi as well. Where the differences arise are in the level of activity undertaken by the various agencies and resulting volumetric risk associated with those undertakings. As an example, if Santa Clara is in the market on a daily basis, they may interact with numerous counterparties and have a need to review credit risk with a large number of counterparties frequently. Palo Alto, on the other hand, may transact with fewer counterparties due to their use of longer-term contracts, and would therefore need to monitor a smaller number of credit risks. NCPA, on behalf of Lodi would perform the routine credit monitoring function as NCPA is in the market on a daily basis, but Lodi would still want to be reviewing and be cognizant of the credit status of any counterparty to a long term supply agreement with Lodi. Similarly, until Lodi is able to close large open supply positions, Lodi will be subject to greater price risk than the three comparison agencies and Lodi policy makers will want to know how that risk is being managed over the course of the year. For purposes of the risk inventory, Lodi should utilize the same broad categories of risk and focus its reporting and measurement on those risk factors that have the greatest chance of preventing Lodi from meeting the strategies and objectives of the risk management plan.

Suggested Lodi Risk Inventory Elements

- Price Risk
- Credit Risk
- Operational Risk
- Contingent Liabilities

Price Risk – Price risk is the risk that wholesale prices may increase relative to open position needs and/or long term supply contracts may move “out of the money”, or become unprofitable or costly in comparison to prevailing price levels.

Credit Risk – Credit risk is the risk associated with entering into any type of transaction with another counterparty and is generally segmented into the following five categories:

6. Trading Counterparties and retail customers fail to pay for energy delivered
7. Trading counterparties and/or wholesale suppliers fail to deliver contracted for energy
8. Trading counterparties fail to take delivery of energy sold to them, necessitating a quick resale elsewhere, likely at a loss
9. Counterparties, may refuse to extend credit or charge a premium for credit risks
10. Counterparty transactions are too concentrated among a limited number of suppliers

Operational Risk – Operational risk consists of the potential to effectively plan, execute or control business activities. Operational risk includes the potential for:

7. Inadequate organizational infrastructure, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, absence of internal checks and balances, incomplete and untimely planning, incomplete and untimely reporting, failure to separate incompatible functions, etc.
8. Absence, shortage or loss of key personnel

9. Lack or failure of facilities, equipment, systems and tools such as computers, software, communications links and data services;
10. Inability to finance capital projects or meet financial obligations incurred in the course of wholesale operations;
11. Exposure to litigation or sanctions as a result of violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting contracts effectively, etc.
12. Errors or omissions in the conduct of business, including failure to execute transactions, violations of guidelines and directives, etc.

Contingent Liabilities – contingent liabilities consist of liabilities that Lodi could incur in the event of the failure of other parties to discharge their obligations. At present, these consist of three principle categories:

4. Guarantees and step up provisions in the enabling agreements for the Joint Powers Agencies (JPAs) of which the city is a member
5. Project closure, decommissioning, environmental remediation and other obligations which result from Lodi's own activities and from JPA projects and activities;
6. Provisions for take or pay, termination payments and/or margin calls in the city's long-term electric power supply agreements.

Comparison of allowed and prohibited transactions

Santa Clara

Santa Clara authorizes the purchase and sale of electricity subject to specific criteria. For example, individual employees are assigned specific transaction limits and are prohibited from trading on their own account. The authorities to transact are further limited in term length and by aggregate credit exposure and volumetric limits with the transacting counterparties. Subject to these qualifications, Santa Clara authorizes the following types of transactions:

1. Contracts made for forward or real-time receipt or delivery of electricity
2. Contracts for the provision of electrical transmission and ancillary services, either forward or real time
3. Simple options to sell (puts) and options to buy (calls) electricity directly to and from SVP and trading counterparties at a future date, denominated by volume and to commence not later than the fourth calendar month following the date of the sale or purchase of the option; and
4. Swaps consisting of offsetting purchases and sales of electricity at different delivery points, simultaneously, under two separate contracts
5. Purchase of fuels for operation of generating facilities or maintenance of fuel storage as required to support the supply of power, maintain system reliability and provide ancillary services, in order to meet customer needs or contractual or regulatory obligations;
6. Resale of surplus fuels and transportation capacity
7. Price hedging of fuel supplies by the purchase or sale of forward or futures contracts and simple put or call options for quantities commensurate with actual operating requirements

8. Price hedging of fuel transportation by the purchase or sale of forward capacity contracts, basis swaps, and simple put or call options for quantities commensurate with actual operating requirements.

Palo Alto

Palo Alto prohibits speculative buying and selling of energy products where “speculation” is defined as buying or selling energy not needed for meeting load or selling energy that is not owned. Palo Alto provides further prohibitions against entering into transactions to speculate on market conditions.

Products allowed for electric transactions include purchases of energy, capacity, transmission and ancillary services. Products allowed for natural gas transactions include energy, transportation, and storage. Only physical transactions are allowed. Palo Alto’s policy differs dramatically from both Santa Clara’s and Roseville’s policies in this regard, where both Santa Clara and Roseville allow for financial transactions (e.g. purchase and sale of options) to hedge risk.

Roseville

Roseville policies regarding approved transaction types are very consistent with Santa Clara’s, allowing for transaction types necessary to meet load serving obligations, prohibiting transaction types that would be of a speculative nature and limiting financial types of transactions to simple financial trades that lower costs or prevent increases in costs. Specific approved transaction types are described below:

1. Purchase energy to serve load above what is expected to be generated or purchased from existing resources.
2. Sell existing capacity or energy that is expected to be in excess of Roseville’s load requirements
3. Purchase gas that is expected to be needed to fuel owned plants
4. Sell surplus gas if more economic energy is available for purchase
5. Execute financial transactions to fix the price of variable commodity purchases or sales
6. Purchase call options to limit price exposure on short gas or electricity positions
7. Sell call options or tolling agreements on capacity that is expected to be in excess of Roseville’s load serving obligations
8. Purchase a “floor” to limit price exposure on long gas or electricity positions
9. Sell call options or tolling agreements on capacity that is expected to be in excess of RE’s resource requirements
10. Purchase a “floor” to limit price exposure on long gas or power positions
11. Sell a “floor” to offset a portion of the price of the purchase of call options listed above
12. Purchase emissions allowances deemed necessary for efficient operations of owned generating facilities
13. Purchase or sell firm transmission rights to manage congestion price risk
14. A purchase/sale of energy at the California Oregon Border and a sale/purchase of energy at NP15 to take advantage of RE’s transmission capacity
15. A purchase of natural gas and a sale of energy to take advantage of excess gas fired peaking capacity

16. A sale of natural gas and a purchase of electricity to take advantage of market heat rates below RE or NCPA gas fired generation.

Discussion of approved and prohibited transactions

There is little difference between the agencies in terms of what is allowed versus not allowed. All agencies focus on providing the tools needed to meet the agency's load serving obligation and prohibit transactions that are entered into for purely speculative reasons. The one primary difference between the agencies is that Palo Alto prohibits any type of financial transaction, including simple call and put options, whereas both of the other agencies allow for the purchase and sale of simple puts and calls.

Suggested Lodi language for allowed and prohibited transactions

Prohibited Transaction Types

Speculative buying and selling of energy products is prohibited. Speculation is defined as buying energy that is not needed for meeting forecasted load, selling energy that is not owned and/or selling energy that is not surplus without simultaneously replacing that energy at a lower cost. In no event shall transactions be entered into to speculate on market conditions.

Approved Transaction Types

13. Purchase energy to serve load above what is expected to be generated or purchased from existing resources.
14. Sell existing capacity or energy that is expected to be in excess of Lodi's load serving obligations
15. Purchase gas that is expected to be needed to fuel owned plants
16. Sell surplus gas if more economic energy is available for purchase
17. Execute financial transactions to fix the price of variable commodity purchases or sales
18. Purchase simple call options to limit price exposure on short gas or electricity positions
19. Sell simple call options or tolling agreements on capacity that is expected to be in excess of Lodi's load serving obligations
20. Purchase emissions allowances deemed necessary for efficient operations of owned generating facilities
21. Purchase or sell firm transmission rights to manage congestion price risk
22. A purchase/sale of energy at the California Oregon Border and a sale/purchase of energy at NP15 to take advantage of Lodi's transmission capacity
23. A purchase of natural gas and a sale of energy to take advantage of excess gas fired peaking capacity
24. A sale of natural gas and a purchase of electricity to take advantage of market heat rates below NCPA gas fired generation.

Transactions that are not included in the Approved Transactions Type list are prohibited, unless explicitly approved by the City Council.

Comparison of the roles and responsibilities of oversight bodies and responsible staff

Santa Clara

Santa Clara has established roles and responsibilities for the following committees and individuals:

- City Council
- City Manager
- Risk Oversight Committee (ROC)
- Risk Management Committee (RMC)
- Risk Management Sub Committees
- Risk Management Divisions
- Power Trading Division (Front Office Personnel)
- Power Trading Division (Back Office Personnel)
- Electric Marketing
- Electric Generation and Transmission Project Management
- Electric Contract Administration
- Joint Action Coordination Division

A complete description of the roles and responsibilities of each committee and individual can be found in the document “Market Risk Management Regulations Draft Rev 5 [5-9-03]”. For the purposes of this comparison, only the City Council, City Manager, Risk Oversight Committee and Risk Management Committee will be discussed.

Under the Risk Management Policy, the City Council assigns the City Manager to implement the Risk Management Program. The City Manager then has the overall responsibility for implementing the Risk Management Program, including delegating specific duties for carrying out the policy and ensuring compliance with it by all affected City Employees and temporaries.

The Risk Oversight Committee is made up of voting members including: the City Manager, Director of Finance, City Attorney and the Electric Utility Director. The ROC meets at least quarterly, keeps minutes of its meetings and is charged with the following responsibilities:

- Ensuring that business is conducted in accordance with Risk Management Policies
- Updating/Modifying Risk Management Regulations
- Determining the type of permitted transactions
- Establishing authorization limits

The Risk Management Committee (RMC) is made up of eight members: the Assistant Directors of the Electric Department for Marketing and Resources; the Assistant Director of Finance; the Division Managers for Power Trading and Risk Analysis; the Division Manager for Markets, Regulatory Affairs and Planning, the Back Office Manager and an Attorney designated by the legal department. The RMC meets at least two times per month, reviewing compliance with Risk Management Policies on a more frequent basis and provides recommendations for modifications or updates to Risk Management Regulations to the ROC for approval.

Palo Alto

Palo Alto has established roles and responsibilities for the following committees and individuals:

- City Council
- Utility Advisory Commission
- City Manager
- Risk Oversight Committee
- Management Oversight
 - Front Office – Planning and Procurement
 - Middle Office – Controls and Reporting
 - Back Office – Settlement and Recording

Like Santa Clara, the Palo Alto City Council delegates authority for implementing the Risk Management program to the City Manager. The City Council receives quarterly reports from the City Manager regarding energy risk management activities and reviews the total policy once each year.

The Risk Oversight Committee (ROC) consists of the Director of Utilities (chairperson), Director of Administrative Services, and the Assistant City Manager. The Senior Assistant City Attorney assigned to Utilities and the City Auditor act as non-voting advisors to the ROC. The ROC is charged with overseeing and reviewing the risk management process and infrastructure and managing the Utilities' risk exposure.

Roseville

Roseville's Risk Management Policies prescribe roles and responsibilities for:

- Risk Oversight Committee (ROC)
- Risk Management Committee (RMC)

The Risk Oversight Committee is comprised of appointees of the City Manager, among whom, may include a member of the City Council, a member of the Public Utilities Commission, the City Manager, Finance Director, City Attorney, Electric Utility Director and Assistant Electric Utility Directors for Power Supply and Administrative and Retail Services. The ROC meets quarterly and is responsible for:

- Establishing the budgeted power supply cost for the upcoming fiscal year and the fiscal years ending 24 months 60 months and 120 months from the commencement of the next fiscal year
- Adjusting credit limits up or down for qualified counterparties
- Recommending target unrestricted fund balances that can be used for the power supply function
- Review and monitor compliance with the Risk Management Policies

The Risk Management Committee is comprised of the City Manager, Finance Director, City Attorney, Electric Utility Director, and Assistant Electric Utility Directors for Power Supply and Administrative and Retail Services. This committee may also include an independent risk consultant. The RMC meets monthly and is charge with the following responsibilities:

- Ensuring compliance with Risk Management Policies and Procedures
- Monitoring Roseville's cash flow and liquidity needs
- Discussing hedging strategies and making recommendations for non-standard transactions to the ROC and City Council

- Discussing counterparty credit and recommending any change in credit limits to the ROC for approval

Discussion of Oversight Bodies and Responsible Staff

The primary similarity in the structure of the oversight bodies between the three agencies is the commitment of senior executive staff from the entire city organization to the risk oversight process. In all instances, the agencies include the city manager, finance director, electric utility director and city attorney in regular meetings to review compliance with risk management policies and procedures. Roseville takes the commitment a step further by including a member of the city council and a member of its advisory public utilities commission in the regular meetings of the risk oversight committees. Also, in all instances, the city councils of the agencies delegate the responsibility for implementing the policies to the city manager and then create a Risk Oversight Committee of senior executive city staff (and in one case including policy makers) to ensure that risk management policies and procedures are adhered to. Santa Clara and Roseville have created both a Risk Oversight Committee (ROC) and a Risk Management Committee (RMC). The Risk Oversight Committee meets quarterly, while the Risk Management Committee meets monthly. In Roseville's case, the city manager, finance director and city attorney (among other executive utility staff) sit on both the ROC and the RMC. In Santa Clara's case, the ROC includes the City Manager, City Attorney and Finance Director (among other utility executive staff) and meets quarterly, while the RMC includes subordinate executive staff from city departments (asst directors) and meets twice per month. Given the significantly greater number of staff available at the comparison agencies versus Lodi, Lodi should start with a single committee, the Risk Oversight Committee, and staff the committee with senior executive staff from throughout the city. Given the number of issues to be considered and the "in development" nature of the ROC, the committee should meet monthly.

Suggested Lodi Language for Oversight Bodies and Responsible Staff

City Council

The City Council is responsible for making high-level broad policy and strategy statements as contained in the Energy Risk Management Policy document. The City Council adopts the Energy Risk Management Policies as developed and recommended by the Risk Oversight Committee and delegates the City Manager to execute it. The City Council will review the Energy Risk Management Policy every year. Additionally, the City Council shall receive reports quarterly from the City Manager regarding risk management activities. These reports will be provided to the Council within six weeks after the end of each calendar quarter.

City Manager

The City Manager has overall responsibility for executing and ensuring compliance with policy adopted by the City Council. The City Manager reports quarterly to the City Council regarding energy risk management activities.

Risk Oversight Committee (ROC)

The ROC shall include as voting members, the City Manager, Assistant City Manager, City Attorney and the Electric Utility Director; or in the case of their absence, their

designees. The City Manager shall appoint the chair of the ROC. Additional non-voting members may be invited to participate on the ROC based on supporting expertise required by the ROC.

The ROC shall meet not less than once per month, or as otherwise called to order by the City Manager or City Council. The ROC shall keep minutes of all meetings and business transacted and shall appoint one of its members to perform this task. A quorum for the ROC to do business shall consist of all members or their designees. The ROC shall request attendance at its meetings by, and/or reports from, other persons as appropriate. The City Manager shall make regular reports to the City Council regarding business transacted by the ROC at such intervals and/or upon such occasions as the Council shall direct.

The ROC shall have the responsibility for ensuring that business is conducted in accordance with the Energy Risk Management Policies (ERMP). The ROC shall from time to time, adopt and bring current risk management business policies, defining in detail the internal controls, strategies and processes for managing risks associated with the adoption of those business practices. The ROC shall recommend to the City Council the categories of transactions permitted and set risk limits for those transactions. The ROC, with the approval of the City Manager, shall confirm the assignment of authority to execute wholesale trading transactions, and administer retail accounts, supply contracts, capital projects and JPA relationships.

Electric Department

The Electric Department shall participate on the ROC through the Electric Utility Director. The Electric Utility Director shall provide load forecast information and coordinate the receipt and dissemination of relevant market and transactional information undertaken on Lodi's behalf through NCPA.

Finance Department

The Finance Department shall participate on the ROC through the Assistant City Manager and provide accounting and cash flow information to the ROC.

Legal Department

The Legal Department shall participate on the ROC through the City Attorney and provide legal advice and representation and ensure that business is carried out in compliance with all applicable laws, regulations and executive court orders.

Comparison of reporting and transacting measures and controls

Santa Clara

Santa Clara does not specify the reports required under the risk management policy, but instead requires that meaningful summarization and accurate reporting of transactions and other activities be provided at regular intervals. The policy goes on to dictate that internal control measures adopted by the ROC shall be based on proven principles that meet the stringent requirements of financial institutions and ratings agencies. Among these requirements are segregation of duties between those individuals entering into a transaction and those individuals responsible for settlement or monitoring of the

transaction; regular independent compliance reviews to make sure the Energy Risk Management Policies are being followed; and a requirement of active participation by senior executives in risk management processes.

Santa Clara then goes on to set trading authority limits for individuals in the organization and aggregate credit limits for any one counterparty. The electric utility director is authorized to enter into individual transactions for up to 100 MW (approximately one quarter of Santa Clara's peak load) for a period not to exceed one year or for an equivalent number of mwhrs to be delivered over a period not to exceed two years. All larger and longer-term transactions require City Council approval.

Palo Alto

Palo Alto requires that quarterly reports be provided to the City Council, ROC and Utilities Advisory Commission, which provide details of the City's forward purchases, market exposure, credit exposure, transaction compliance and other relevant data. Palo Alto addresses the transacting and control measures by assigning the functions of quantitative analysis, compliance reviews, credit administration and management reporting to a group defined as "middle office" and assigning the responsibility for setting counterparty credit limits to the ROC. The City Manager has the authority to purchase and sell wholesale energy commodities for terms up to three years under open purchase contracts and the Director of Utilities is granted the authority to negotiate for the purchase and sale of energy commodities with the purchase and sale authority subject to the signature authority limits defined in the Municipal Code (currently \$250,000 per year). Separately, the City Manager is authorized to enter into transactions under master agreements, the terms of which have been pre-approved by the city council, where the authorizing resolution specifies the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Roseville

Roseville specifies that reporting will done on a weekly and monthly basis as follows:

Weekly Reports to the Risk Management Committee:

- Load and Resource Balance through the FY
- Fixed Price Energy Report
- Power Supply Cost Differential Report
- Credit Exposure by Counterparty
- Available Credit by Counterparty
- Roseville Liability by Counterparty
- Roseville Credit Available by Counterparty
- Collateral Changes
- Do Not trade Activity

Quarterly Reports to the Risk Oversight Committee

- Summary of Market and Load Changes
- Executed Transactions Summary
- Most recent weekly position report
- Most recent weekly credit report

The city manager and electric utility director are authorized to enter into qualified standard contracts where the maximum daily quantity does not exceed 50 MW's

(approximately one sixth of Roseville's peak load), has an expected dollar value of not more than \$40,000,000 and has a termination date that does not exceed five years. Roseville also establishes credit limits and minimum credit rating criteria for trading counterparties.

Discussion of reporting, transacting measures and controls

All three agencies require regular reporting. Both Palo Alto and Roseville require similar reports that detail forward purchases, market exposure and credit exposure and a statement of transaction compliance. Santa Clara does not specify the required reports in its policies, but it is known from discussions with Santa Clara staff that similar reports are provided to their ROC and RMC as are provided by Palo Alto and Roseville.

All three agencies also establish minimum counterparty credit rating levels, maximum credit exposure levels and maximum transaction level authorities for individuals within the respective organizations. As has been mentioned previously in this white paper, these three agencies initiate and execute transactions on their own account. Lodi on the other hand, typically executes transactions through NCPA. As a result, Lodi staff would typically be authorizing NCPA staff to enter into transactions on Lodi's behalf and those transactions would be subject to NCPA's risk management policies, credit limits and individual transaction authorization levels. NCPA and NCPA's counterparties would also need to have assurance that Lodi staff direction to NCPA to enter into a transaction on Lodi's behalf has been appropriately authorized by the City Council. That assurance is currently embodied in Resolution No. 2001 – 34 under which the City Manager and Electric Utility Director are authorized to approve energy purchase and sales transactions for a period up to ten (10) years. There are no limits on the dollar value of the purchases or sales or criteria specifying the credit requirements for counterparties. As a result, Resolution 2001 – 34 should be rescinded and replaced with a new authorizing resolution more reflective of the policies described above and Lodi should incorporate reporting, transacting and control measures that augment and incorporate risk management activities undertaken by NCPA on Lodi's behalf.

Suggested Lodi language for Reporting, Transacting Measures and Controls

Reporting

Quarterly reports shall be provided to the City Council, which provide details on the City's forward purchases, market exposure, credit exposure, transaction compliance and other relevant data.

Quarterly Reports shall include:

- Load and Resource balances as forecast and adopted in the current operating years budget
- Load and Resource balances as adjusted due to operating conditions or purchases occurring during the quarter
- An assessment of market exposure
- An assessment of the quarterly change in power supply cost from budget
- Credit Exposure by counterparty
- A summary of any purchases made during the quarter

- An assessment of any counterparty credit problems

Transaction Limits and Controls

For transactions executed on behalf of Lodi through NCPA, trade authorization levels, counterparty credit limits and minimum counterparty rating criteria shall be as described in NCPA's "Trade and Risk Management 1999 Interim Policies, Processes and Procedures (RMPP)", which are made a part of this document, and attached hereto.

Material changes to NCPA's RMPP shall be reported to the City Council as part of the quarterly reporting under Lodi's Energy Risk Management Policy.

For transactions executed on behalf of Lodi through NCPA, the City Manager and the Electric Utility Director shall have the authority to direct NCPA to enter into purchase agreements under authority granted by the City Council, by Resolution. The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Because NCPA cannot enter into agreements on behalf of pooling members for longer than one year, power supply contracts that have terms longer than one year, or that begin delivery more than one year into the future must be executed directly by Lodi.

For transactions executed directly by Lodi, the City Manager and the Electric Utility Director shall have the authority to enter into purchase agreements under authority granted by the City Council, by Resolution.

The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Any resolution delegating authority to the city manager to contract for electricity shall specify generally at least the following terms and conditions and the description of energy and energy services to be procured, including, but not limited to, on-peak and off-peak energy and ancillary services; term, specifying a not-to-exceed period of time; period of delivery denoted in years or months; and point of delivery on the locus on the interstate transmission system on which the delivery is made.

Any delegation of authority to contract for gas shall specify generally at least the following terms and conditions; quantity and the description of gas services to be procured, including but not limited to scheduled gas and gas transportation services, specifying a not-to exceed period of time; period of delivery denoted in years or months or years and months; and point of delivery of the locus on the interstate transmission system at which the transfer of title is made.

For contracts executed directly by the city, the City shall use standardized form contracts for the procurement of gas and electricity, as practicable, including, but not limited to form contracts created and copyrighted by the Edison Electric Institute, the Western States Power Pool, and the North American Energy Standards Board. Unless waived by

resolution of the City Council, a counterparty shall obtain and maintain during the term of the contract, the minimum credit rating established as of the date of award of the contract of not less than a BBB- credit rating established by Standard and Poor's and a Baa3 credit rating established by Moody's Investors Services.

All procurement of gas and electricity by contract shall conform to the requirements of the Energy Risk Management Policies.

Comparison of Compliance Criteria

Santa Clara

Santa Clara requires that exceptions to the policy be reported promptly and provides for independent review of activities as determined necessary.

Palo Alto

Palo Alto monitors all transactions to ensure compliance with Risk Management Policies and requires reporting of any exceptions.

Roseville

Exceptions to policy are required to be reported immediately. Willful acts of non-compliance may be cause for corrective action or dismissal. The Risk Oversight Committee may recommend an independent review of compliance if it deems it necessary or appropriate.

Suggested Lodi Language for Compliance Criteria

Compliance exceptions are actions which violate the authority limits, requirements or directives set forth in the Energy Risk Management Policy. All exceptions shall be reported immediately to the City Manager and quarterly to the City Council in the quarterly exception report.

Willful violations of the Energy Risk Management Policy will be subject to review and may be cause for discipline or dismissal.

NCPA Trade and Risk Management

1999 Interim Policies, Processes and Procedures

Background

The Commission of the Northern California Power Agency (NCPA) has instituted the adoption of formalized trade and risk policies, processes and procedures (3Ps) to assign risks to its Members and to minimize taking undue risks in the course of NCPA operations. To facilitate the timely development and maintenance of the 3Ps, the NCPA Commission directed the creation of a Risk Oversight Committee (ROC) to be comprised of NCPA Members and staff. The ROC reports to the NCPA General Manager.

In order to develop formal policies, processes and procedures, a comprehensive evaluation of existing NCPA agreements, processes, procedures and informal practices was performed. This evaluation included a comprehensive operational audit to determine the function and applicability of existing activities.

NCPA, as participant in the diverse larger electric market, is unique. The policies, processes and procedures developed by NCPA need to recognize that NCPA, as a joint action agency, necessarily has different operational objectives from the typical utility, consumer or marketer. While NCPA is an amalgamation of utility, consumer and marketer functions, it also carries out functions unique to those of a joint action agency.

A number of pooling Member-owners are developing their own Risk Management activities and desire that NCPA create a structure that allows them to manage their own resources in order to meet their individual financial objectives and minimize their net risk exposure.

Members who are developing their own Risk Management processes have also demonstrated a desire to retain the ability to coordinate like functions with NCPA. Members have also expressed concern about involuntary risk sharing among Member-owners.

This document contains the Interim policies, processes and procedure developed to cover NCPA activities until the full comprehensive trade and risk policies, processes and procedures (3Ps) are developed. The trade and risk policies, processes and procedures (3Ps) represents a “best effort” by the ROC and NCPA staff to:

- State the policy objectives as set by the Commission and introduce the Interim Policy – Section 1.
- Reflect the changes that have taken place in the procurement process to reduce exposure to market risks – as directed by the NCPA General Manager – Section 2; and establish a basis for a Member subscription process – Appendix 1.
- Formalize the delegation procedures and authority of the NCPA to trade on behalf of its Members and adopt a new audit and reporting process (good paper trail) – as recommended by the Operational Audit – Section 3.
- Manage credit risk – as recommended by the report on Trade and Risk Management and produce a list of qualified counterparties – Section 4.

1.0 NCPA Interim Trade and Risk Management Policy

1.1 Commission Risk Management Policy

It is the policy of the NCPA Commission that appropriate controls, practices, procedures, and reporting mechanisms be developed to assign risk to its Members and to minimize the taking of undue risk in the course of NCPA operations.

The overall goal of NCPA's Trade and Risk Management activities is to:

- Serve Members' needs subject to Member direction and Member-provided risk tolerance limits,
- Reduce the uncertainty of Member costs and revenue streams, and
- Enhance the value of NCPA assets to meet the financial requirements of participating Members within risk tolerance limits.

To achieve these risk management objectives, the NCPA Commission directs the creation of a Risk Oversight Committee (ROC) to be comprised of NCPA Members and staff. The ROC's responsibilities shall include:

1. Developing energy trading processes, procedures and limits;
2. Assuring that individual Members may set specific risk management instructions to be followed by NCPA;
3. Creating and administering a credit rating policy for business counterparties;
4. Approving the use and limits of specific financial risk management instruments;
5. Assuring that appropriate authority delegations are in place and followed;
6. Setting qualifying parameters and financial limits for business relationships with third party business partners;
7. Instituting appropriate and timely risk monitoring and regular reporting for use by the Commission and NCPA management; and
8. Identifying issues of interest to all or any NCPA Member and alerting Members of the issues.

1.2 The Need for Interim Policy

The ROC has identified the need for interim trade and risk policies, processes and procedures (3Ps) to guide NCPA's trading activities and until a full policy is developed, and particularly, during the heavy trading period of the summer of 1999.

This Interim Policy will come into effect upon approval by the NCPA Commission. Where there is a conflict between this policy and an existing practice or instruction this policy shall take precedent.

NCPA Members will have 90 days to provide the NCPA with their respective Boards authorization as required by Section 3.1.

NCPA staff will continue with the development of the full trade and risk policies, processes and procedures (3Ps), in consultation with the ROC, for submission to the NCPA General Manager.

2.0 Trade and Procurement Process

2.1 Trade and Procurement Policy

The primary purpose of NCPA resources is to serve Member loads in economic coordination with other power resources including the Members' Western entitlements and market purchases.

The trading, procurement and delivery of capacity/energy/fuel shall be consistent with NCPA Member physical and financial requirements and shall aim to enhance each Member's economic and competitive position within the specific guidelines provided by that Member and within the guidelines of this 3P document. The trade and procurement strategy will be identified and approved by Members during the Planning Process.

The philosophy behind the trading strategy is to stabilize revenues and minimize costs in the long-term and should not be directed or lead by short-term profit motives or opportunities.

The generating capability of an NCPA resource may be sold only when the capability is deemed to be surplus to the physical and financial requirements of its owner(s) or at the direction of the resource owner(s).

NCPA can only engage in Authorized Trading Activities with qualifying counterparties. The intent of all transactions at the time of execution should be exclusively for meeting Members physical, financial and hedging requirements.

With the exception of exchange traded (e.g. NYMEX, PX, ISO, etc.) transactions and real-time trading, all transactions require market price sampling (more than a single offer from one counterparty) from the market and qualifying counterparties. Alternatives are to be evaluated on an equivalent basis (similar quality, volume, duration and options), adjusted for such factors as transmission, losses, and other implementation costs as much as possible.

All forward transactions must have Member Subscription for the full transaction prior to execution. All relevant trading information is to be provided to the Mid and Back Office functions, as specified later in this document.

2.2 Guidelines for Implementation

2.2.1 Baseline Trading Strategy

The Planning Process aims at developing a Baseline Trading Strategy that reflects each Member's specific trade, risk management and procurement profile for the coming year. The process is iterative and requires coordination between NCPA and the staff of Member Utilities to establish the baseline trading strategy.

The primary objective of the Baseline Trading Strategy is to optimize the overall system operating cost of each Member relative to its Forward Price Curve while meeting the physical and financial requirements of the Members, within Member defined risk tolerances.

2.2.2 Baseline Trading Strategy Updates

The Baseline Trading Strategy is updated monthly to reflect the changing market and resource outlook, or more frequently as warranted by the changing conditions of the portfolio or risk exposure. The level of short term and spot market exposure will be continuously monitored and adjusted for Members' specific objectives and risk tolerance.

2.2.3 Authorized Trading Activities

1. Forward purchases and sales of capacity/energy/fuel to maintain Member energy balances, within specified objectives.
2. Forward purchases and sales of capacity/energy/fuel and related structured transactions to hedge system costs.
3. Forward purchases and sales of power/energy/fuel on behalf of other market participants and buy-resell transactions for short-term profits.
4. Purchases and sales to substitute the use of Member-owners' higher cost resources with lower cost market alternatives (if the transactions produce positive margin without exceeding risk tolerance levels).
5. Forward purchases and sales of transmission and transmission rights, to meet contractual obligations or dispose of surplus capacity.
6. Spot purchases and sales of capacity/energy/fuel to meet Members load.

Activities that are not included in the approved list of Authorized Trading Activities are prohibited, unless approved explicitly by a participating Member(s) or the ROC.

2.2.4 Member Subscription Process

All NCPA transactions must have full subscription by Members prior to execution for forward transactions. This subscription can be full or partial. Some Members may choose to delegate all trade/transactions to the NCPA or may elect to participate in trades/transactions conditional to prior approval on a trade-by-trade basis.

Appendix I describes the procedures for the subscription process.

3.0 Trade Authorization, Limits and Controls

A business process specifying the authority vested at various levels of NCPA is required to prudently manage trading and procurement activities. The NCPA Commission, made up of representatives from Member utilities, is vested with the overall authority of the organization. The Commission establishes the overall limits and controls for the NCPA and delegates trade and transaction authority through the General Manager who further delegates' trade and transaction authority to staff.

Authority to transact power-related products is delegated by the NCPA Commission for the express purpose of managing each Member's portfolio in accordance with the Member's objectives and instructions. Trade and risk management staff is performing their daily activities within the constraints and authorization given to them:

- By the NCPA Commission (delegated through the General Manager who further delegates through staff);
- Guided by the ROC and the interim trade and risk policies, processes and procedures (3Ps); and
- Subject to Individual Member utility's direction.

NCPA staff is authorized to execute transactions of power-related products in conformance with this Interim 3P document including the procedures required by the Member Subscription Process.

3.1 Members' Authority and Authorization

Authority for trading originally rests in the hands of a Member utility's governing board, council, or other such responsible body. Each Member will receive delegated authorities and limitations from their governing body. The extent and conditions of this authority and the individuals to which this is delegated shall be communicated in writing to NCPA and include any delegation limitations. ***Members will have 90 days to obtain such an authorization from the date this Interim Policy is approved by the NCPA Commission.***

For transactions conducted on behalf of Members directly or indirectly through the NCPA, Members, through their authorized individuals, exercise their trading authority:

- through the Member Subscription process;
- by delegating their trading authority in writing to NCPA for specific types of transactions and/or duration, or
- by choosing the full portfolio management service option from NCPA.

Members will be required to complete a Trade Authorization Form documenting their individual authority and providing NCPA with the desired level of authorization.

3.2 Authorized Transacting Individuals

Appendix II, as updated from time to time by the General Manager lists personnel who are authorized to execute power-related transactions on behalf of a participating Members in strict conformance to the Member's objectives and/or specific direction provided by the Member.

3.5 Controls and Procedures

3.5.1 Functional Responsibilities

The auditing controls and procedures are structured on the premise that the following functional responsibilities are being developed within NCPA's organization:

- **Front Office Function:** performs actual trading/transacting with counterparties and is responsible for Control and Compliance Procedures and Processes together with the Mid Office.
- **Mid Office Function:** responsible for management oversight including; risk measurement, transaction verification, trade/risk review and reporting. The Mid Office is responsible for Control and Compliance Procedures and Processes together with the Front Office.
- **Back-Office Function:** provides the checks and balances of the risk management program, keeps records and approves bills and invoices. The Back Office functions include monitoring, documentation, trade/transaction execution and reporting.
- **Portfolio Management Function:** will be responsible for determining and executing trading strategy, active trading management (focused on meeting Members' defined objectives), ensuring activities meet all trading risk management measures and that they proceed in accordance with the trade and risk policies, processes and procedures (3Ps).
- **Risk Management Function:** represents the function that ensures that the organization's trading activities remain within accepted tolerance levels and that the risk management strategy is executed properly. This function tracks the corporate portfolio, evaluates it against the changing market, and suggests counter measures to balance corporate risk.

In the interim, the activities of the Front, Mid and Back Offices will not be distinctly separate functions, rather, there will exist a large degree of overlap and sharing of responsibilities by the staff involved. These functions will evolve into administratively and functionally separate operations as NCPA trading and risk management needs increase.

Similarly, the function of Risk Management will be a shared responsibility between individuals performing Portfolio Management and Risk Management functions and the ROC.

3.5.2 Record Keeping

NCPA Front and Back Offices are responsible for development, filing and maintenance of transaction related records. Front Office staff is responsible for generating all documentation for each transaction and forwarding such documentation to the Mid and Back Offices. Back Office staff is responsible for maintenance and filing of such documentation.

3.5.3 Transaction Tracking

Whenever NCPA Front Office staff initiates and executes transactions on behalf of Members, NCPA Front Office staff shall complete required transaction tracking forms as described in Appendix IV. Completed forms, along with executed original contracts or other counterparty confirmation documentation shall be forwarded to the NCPA Mid Office upon trade execution.

Whenever an NCPA Member initiates and/or executes transactions to be implemented by NCPA, such NCPA Member shall complete required transaction tracking forms as described in Appendix V. NCPA Members shall forward completed tracking forms along with executed original contracts or other counterparty confirmation documentation to NCPA Front Office staff

for implementation. NCPA Front Office staff shall forward forms and original documentation to the NCPA Mid Office upon trade execution.

NCPA Mid Office staff shall review daily-submitted transactions tracking forms, executed contracts and counterparty confirmations for completeness, compliance with trading limits, and to ensure transactions are with approved counterparties. Exceptions are to be reported immediately to the NCPA Front Office and to the ROC weekly. Front Office staff shall be notified whenever levels are within 90% of acceptable limits, or if the next transaction is expected to exceed acceptable limits.

3.5.4 Transaction Implementation

NCPA Front Office staff shall implement, track, and account for physical and financial transactions utilizing NCPA approved scheduling and Risk Management systems.

3.5.5 Transaction Verification

NCPA Mid Office staff shall verify executed physical transactions with counterparties. Verifications of physical transactions shall be completed within five (5) business days following the end of the month in which products were purchased or sold. Verifications shall include monitoring of trades for trade and risk policies, processes and procedures (3Ps) compliance with contractual commitments.

3.5.6 Transaction Billing and Payment

NCPA Mid Office shall provide verified transaction data to NCPA Back Office for billing and payment of transactions with counterparties. The Back Office shall invoice or pay counterparties only upon receipt of verified transaction data from the Mid Office.

- NCPA Accounts Receivable staff shall invoice counterparties within two (2) business days of receipt of verified transaction data.
- NCPA Accounts Payable staff shall pay invoices received from counterparties in accordance with executed counterparty agreements.

3.5.7 Failed/Disputed Transactions

Any transaction not verified within the time specified in the Transaction Verification Process shall be reported as a failed transaction. Failed transactions shall include disputed amounts and transactions that did not meet the terms of executed contracts. Industry standard dispute procedures, such as WSPP arbitration procedures, should be utilized unless otherwise required by contract. Failed transactions shall be reported to the ROC weekly by the Mid Office.

3.5.8 Reporting

NCPA Mid and Back Office staff shall prepare daily, weekly, and monthly reports for distribution to the ROC, General Manager, Front, Mid and Back Office managers. Report formats shall be approved by the ROC and, at a minimum; contain information adequate to update the credit worthiness of counterparties, status of trades, and compliance with trading and risk limits.

4.0 Credit Risk

4.1 Credit Policy

NCPA will diversify its portfolio through engaging multiple trade partners or conducting trade through the California Power Exchange or California Independent System Operator.

NCPA will not knowingly participate in long chain or sleeve transactions.

NCPA will use a risk adverse approach and avoid transacting with counterparties that are receiving bad press or whose credit status is known to be on watch by any organization.

New contracts need to have a condition that allows the NCPA to terminate (be released from future obligations) the transaction or to seek immediate payment for all outstanding and expected future payments if a counterparty's credit situation falls below minimum standards. For long-term contracts, the NCPA should secure a condition to allow it to determine how much advance payment is required for it to continue to honor the contract at the lower credit rating.

At NCPA's sole discretion a counterparty may be required to provide some combination of prepaid estimated billings, escrow deposits, minimum balance requirements, irrevocable letter of credit, or a corporate guarantee.

4.2 Definition of Credit Risk

Credit risk is the risk of financial loss that results from the failure or unwillingness of a counterparty to fulfill its obligation to make payment or delivery on a contract.

Credit default loss is the potential loss that may result from credit risk exposure; which is a measure of the susceptibility of an organization to credit risk.

Credit risk is closely related to, and often dependent upon market risk. As market risk increases, so too does credit risk.

For the NCPA, credit risk can arise from its trade relations with the following entities:

1. Counterparties – through an inability or unwillingness to fulfill financial or physical delivery obligations with NCPA.
2. Members – through their individual contracts, counterparties or trading activities
3. Third parties – through a transference of market risk.

4.3 Predication of the Credit Risk Policy

The credit risk management function is predicated on the premise that both perceived contract value and potential credit risk must be considered before achieving contract approval and are based on the following principles:

1. Recognition that the NCPA is a public entity that represents Members who are also public entities, who have unique legal and regulatory privileges and are encumbered with specific obligations related to their individual operations;
2. Minimization of credit and administrative risks to the NCPA and its counterparties; and
3. Providing services at the lowest cost consistent with minimization of credit and administrative risks.

All transactions will be evaluated on their individual credit merits and on the integration of each transaction into the total portfolio, i.e. that is the transactional credit risk and the aggregated total portfolio credit risk.

Avoiding or mitigating credit risk has a monetary value and potential associated costs.

4.4 Interim Guideline for Qualifying Trading Partners

Under no circumstance can a transaction be completed with a trading partner with a credit rating below the approved level credit rating. Minimum approved credit ratings are at least one of the following:

Private Entities

	Dun & Bradstreet	Fitch IBCA	Standard & Poor's	Moody's
Current trading partners with no ill history *	3A	A	A	A
New partners* and previous counterparties	4A	AA	AA	Aa
Short term transactions (less than one month)	2A	BBB	BBB	BBa

Public Entities and California Utilities**

	Dun & Bradstreet	Fitch IBCA	Standard & Poor's	Moody's
All Transactions	2A	BBB	BBB	BBa

* Counterparties with whom the NCPA has not transacted business in the past 12 month are considered "new partners".

** NCPA Pooling Members who own resources are deemed to meet the minimum credit requirements.

Where a trading partner does not meet the minimum credit requirements; a security or performance bond, escrow deposit (example one-month's expected average billing), an irrevocable letter of credit, a corporate guarantee from an acceptable parent holding company or some combination of the above will be required.

Staff may recommend that counterparties not meeting the required credit rating be given special consideration by the ROC if such counterparties have resources, market history, stature or financial position that justifies treatment outside of these guidelines.

New counterparty transactions should be limited in term and amount until comfort is built with respect to performance for at least the first twelve months of trading.

All new counterparties must supply bank references and three (3) client references.

Maximum credit risk exposure should not exceed \$100,000 for each trading partner.

Because of the nature of electricity sales, and the dollar value of typical NCPA purchases and sales, the NCPA must exercise caution and predispose itself to deal only with entities with very high credit ratings. When a counterparty is not highly rated, caution should be used and purchases or sales should be of minimum quantities. Actual approval of quantities, terms and prices will be based on a decision-making matrix that allows for:

- Trading partner credit rating;
- Contract terms and conditions;
- Contract length; and
- Contract cost.

Where a counterparty is fully or partially supported by a performance bond, the rating of the underwriter's financial strength shall be a minimum of A.M. Best "A" Rating or equivalent. The existence of insurance may make entering into a transaction with a low rated counterparty more feasible/acceptable.

Appendix III includes a list of Currently Authorized Counterparties and corresponding trading limits. This list will be updated from time to time and approved by the ROC and the General Manager.

4.5 Implementation Guidelines

Qualification/rating of trading partners is based on information furnished by other rating agencies, the counterparties themselves, and other reputable sources of industry information. NCPA does not, and will not, perform an audit in connection with any rating opinion and on occasion may use unaudited financial information.

Ratings are a dynamic function and may be changed, suspended or withdrawn as a result of changes in, or unavailability of such information or based on other circumstances such as transaction performance.

When entering into any transaction, it remains the responsibility of NCPA traders to act prudently and exercise their best judgement based on all available information.

Events of contract non-compliance are to be formally reported (in writing) in a timely manner. Examples of such events are:

- 1) Material non-compliance in regard to credit or escrow requirements:
 - a) Exceeding credit limit by more than 5%.
 - b) Failure to maintain escrow or minimum balance requirements at required levels.
 - c) Failure to supply continuing proof of compliance with other specific credit requirements in a timely manner, e.g.: updated letter of credit 45 days prior to expiration; audited financial statements; notice of published credit rating changes previously provided; etc.
- 2) Failure to pay a properly submitted bill by the due date.
- 3) Failure to provide required forecasts or metering data in a timely manner.
- 4) Any other adverse event or action that could lead to an out of trust situation if not corrected in a timely fashion.

4.6 NCPA Credit Watch List

NCPA will develop a Credit Watch List to record the performance, or non-performance of trading partners, in their obligations to NCPA. The Credit Watch List will also include potential trading partners who are suffering adverse effects from market movements

The Credit Watch List is a dynamic document that is developed from internal and external information sources.

A counterparty placed on the NCPA Credit Watch List may be removed from the NCPA Credit Watch List not sooner than three (3) months after being placed thereon. The NCPA Credit Watch List will be submitted to the ROC whenever it is updated.

4.7 Credit Risk and Members

Members contracts/transactions with third parties assigned to the NCPA must meet minimum NCPA credit risk requirements.

Members' transaction/contract activities with third parties and assigned to the NCPA must be included in the total exposure measurements.

Members must inquire/consult with the NCPA prior to committing to transactions/contracts in order to ensure that minimum credit risk requirements have been met.

4.8 NCPA External Credit Rating

Just as NCPA rates external trading partners, external trading partners will rate the NCPA.

In an industry highly focused on issues of credit, a high and stable credit rating is desirable and has market value. A good credit rating attracts better prices, terms and conditions. An organization's good credit rating has a dollar value for the trading partners. As such, NCPA must take every action to maintain its good credit rating, including the following:

- Payments will be made on time;
- Issues of improper billing or questions on billing will be addressed immediately;
- Material contract dispute will be brought to the attention of the ROC and the General Manager in a timely fashion; and
- The NCPA will ensure good cash flow (possibly through the establishment of a line of credit or reserve fund to ensure that timely payment can be made).

4.9 Conflict of Interest

NCPA personnel who may influence trading decisions must report any conflict of interest with qualifying counterparties. The ROC may prohibit such personnel from participating in trade related decisions/activities with the said counterparty.

Appendix I – Subscription Process

NCPA Resources

For NCPA resources under the Facilities Agreement, Members have rights and obligations to specify participation in sale/purchase transactions, exercise Right-of-Refusal, and may unilaterally make a purchase/sale with counterparties and/or NCPA Members.

The Right-of-Refusal process will be implemented in the following sequence for sale of Member-owned resources:

- 1) NCPA will notify Member-owners of any NCPA initiated sale of capacity/energy from any Member-owned generating plant(s).
- 2) Member-owners may elect to:
 - a) not participate;
 - b) subscribe to their ownership share of the sale;
 - c) participate at less than their ownership share of the sale; or
 - d) exercise their First Right-of-Refusal to purchase at the price, terms/conditions of the sale, for all or a portion of the available shares of those Member-owners electing to participate in the sale.
- 3) If an NCPA initiated transaction lacks full subscription, the size of the transaction may have to be reduced and/or the Member-owners that choose to participate in the transaction may have to “step up” their participation shares in the transaction.
- 4) If lack of participation causes adjustments in price or requires “step-ups”, participating Member-owners must be informed of the new terms/conditions and given another opportunity to determine their level of subscription.
- 5) The responsibility for a non-subscribing Member will be limited to the provisions in existing contracts/agreements, unless otherwise agreed to by the parties of the respective contracts/agreements.
- 6) Written notification of subscription percentages will be available immediately after the execution of the transaction.

NCPA Initiated Physical Transactions

For all other NCPA initiated physical transactions, Member Subscription decisions are as follows:

- 1) For transactions with duration of one month to one year (Term Transactions):
 - a) Member staff authorized to elect participation will provide positive affirmation of participation level or provide written delegation of authority with any trading limitations/instructions to NCPA.
 - b) Each Member will designate from its staff a representative (and alternate(s) in the absence of the primary representative) with the authority to make decisions relating to the Member's participation in NCPA initiated transactions.
 - c) Authorized Member representative may delegate transaction decision-making authority to the NCPA. Such delegation must be in writing including all transaction limitations and special instructions.
- 2) Member Subscription for NCPA initiated physical transactions with duration of less than one month will be based on the following default allocations:
 - a) Transactions requiring SOT and COTP transmission will be allocated hourly based on each Pool Member's hourly surplus capacity of SOT and COTP, respectively. These allocations will be computed after-the fact as part of the Pool's monthly billing procedure
 - b) In-month energy purchases to meet the combined physical and financial requirements of the Members will be allocated in proportion to each Member's total energy deficits during

the periods in which the transactions are in effect. Energy sales will be allocated similarly in proportion to each Member's energy surplus totals.

- c) Allocations of portions of transactions that are not assigned by need, including all arbitrage transactions, will be based on short-term power management percentages.
- 3) Written notification of subscription percentages will be available immediately after the execution of the transaction.

NCPA 1999 Interim Policies, Processes and Procedures

Appendix II – Interim Trade Authorization Levels

Position/Name	Amount	Conditions
1. General Manager Jim Pope	a) For NCPA Pool transactions, individual transactions up to \$40 million and \$10 million per quarter b) For Member specific transactions, up to the Member's limits	a) Up to one-year term b) Term up to Member's limits
2. Assistant General Manager and Portfolio Manager Don Dame Tom Lee	Individual transactions up to \$5 million in value	Transactions of not more than twelve (12) months in duration
3. Chief Dispatcher Alan Parsons	Individual transactions up to \$2,500,000 in value	Transactions of not more than three (3) months in duration
4. Pool Trader (Gas & Electric) Don Imamura Kevin McMahan	Individual transactions up to \$2,500,000	Transactions of one (1) month but not more than three (3) months in duration
5. Daily Scheduler * (Gas & Electric) Kevin McMahan Norm Worthington Don Imamura Ken Goeke	Individual transactions up to \$500,000 and maximum daily limit of \$750,000	Transactions of less than one (1) month
6. Supervisor, Dispatch Operations * Fred Young	Individual transactions up to \$500,000 and maximum daily limit of \$750,000	Transactions of not more than 72 hours in duration
7. Dispatcher * Roy Haver Patricia McCartney Balta Ramirez Tina Sweeney Jana Linkiewicz Michael Brush	Individual transactions up to \$125,000 and maximum daily limit of \$250,000	Transactions of not more than 72 hours in duration
8. Gas Scheduler Dana Griffith	Individual transactions up to \$500,000	Transactions of one (1) year or less

- For emergency operations or unusual market conditions contact Chief Dispatcher or Assistant General Manager for additional authorization if required.

NCPA - Qualified Counterparties

As of December 16, 2005 the following counterparties have been rated for trading with NCPA for the specified maximum amount:

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For Internal Use Only

(Dollars in millions)						Green shade: New Evaluation		Orange shade: Buy only					
Trade Limits for Purchase, Sale & Netting Agreements						Date Last Eval.	Financial Statement Date	Netting	NCPA WSPP	WSPF Trading Partner	Comments		
Counterparty	Active	CRAM Score	CRAM Rating	Credit Rating	Credit Limit								
AEPSC as Agent for Ohio Power & Columbus Southern	Y			BBB	\$ 0.50	3/30/2005	12/31/04 A	Yes			AEP as agent for OPC, SWEPCO & PSO		
Anaheim, City of, Public Utilities Dept.	N			A+	\$ 0.20	1/5/2005	6/30/04 A	No					
Arizona Public Service	Y			BBB	\$ 0.50	5/26/2005	12/31/04 A	Yes					
Avista Energy, Inc.	Y			N/A	\$ 0.25	5/31/2005	12/31/04 A	Yes			\$1.5 million guarantee from Avista Capital		
Bonneville Power Admin.	Y			AA**	\$ 3.00	3/23/2005	9/30/04 A	No					
BP Energy Company	Y			AA+	\$ 2.00	5/16/2005	12/31/04 A	Yes			500 point deduct for no parent guarantee		
California Dept. Of Water Resources	Y			AA	\$ 1.00	1/6/2005	6/30/04 A	Yes					
Calpine Energy Management, L.P.	Y			B/CCC+	Buy Only	4/1/2005	12/31/04 A	Yes			Declined to provide Deutsche Bank LOC.		
Calpine Energy Services, L.P.	Y			B/CCC+	Buy Only	4/1/2005	12/31/04 A	No			No netting with long-term deliveries.		
CERS (DWR Electric Power Fund)	N			A	\$ 0.20	1/6/2005	6/30/04 A	No					
ConocoPhillips Company	Y			A-	\$ 2.00	5/11/2005	12/31/04 A	Yes					
Constellation Energy Commodities Group, Inc.	Y			A-/BBB+	\$ 2.00	3/18/2005	12/31/04 A	Yes			Elec guarantee expires 12/15/05, gas 12/31/05		
Coral Power L.L.C.	Y			A-	\$ 2.50	10/28/2005	06/30/05 I	Yes			Guarantee from Coral Energy Holdings, Inc.		
Duke Energy Trading & Marketing L.L.C.	Y			N/A	Buy Only	8/5/2004	9/30/03 I	Yes			Request for parent guarantee denied		
Eugene Water & Electric Board	N			AA/A+	\$ 0.20	8/19/2005	12/31/04 A	Yes					
Hetch-Hetchy Water & Power/City&CoSF	N			AA-/A+	\$ 0.20	8/29/2005	6/30/04 A	No					
Idaho Power Company	N			A-/BBB+	\$ 0.20	8/19/2005	12/31/04 A	Yes					
Klamath Falls, City of (Cogeneration Project)	Y			BBB	\$ 0.25	5/26/2005	6/30/04 A	No					
Lassen Municipal Utility District	Y			N/A	\$ 0.02	7/5/2005	6/30/04 A	No			Credit limit \$20 K to allow limited trading.		
Los Angeles Dept. Of Water & Power	N			AA-	\$ 0.20	8/18/2005	6/30/04 A	Yes					
Modesto Irrigation District	Y			A	\$ 0.50	7/5/2005	12/31/04 A	Yes					
Morgan Stanley Capital Group, Inc.	Y			AA-/A+	\$ 3.00	3/17/2005	11/30/04 A	Yes			Guranteed by Morgan Stanley		
Occidental Power Services	Y			A-	\$ 0.40	11/8/2005	12/31/2004	Yes			Limited trading. Waiting on guarantee.		
PacifiCorp	Y			A-/BBB+	\$ 1.50	11/29/2005	3/31/05 A	Yes			Credit reduced due to corporate aggregation.		
Portland General Electric	Y			BBB	\$ 2.00	3/18/2005	12/31/04 A	Yes			Owned by Enron		
Powerex	Y			AA-	\$ 3.00	11/28/2005	3/31/05 A	Yes			BC Hydro guarantee renewed to 12/31/05		
PPM Energy, Inc.	Y			A-	\$ 1.50	1/7/2005	3/31/04 A	Yes			PacifiCorp Holdings guarantee exp 5/31/06		
PUD No 1 of Snohomish County	N			A+	\$ 0.20	8/29/2005	12/31/04 A	Yes					
PUD No. 1 of Chelan County	N			AA	\$ 0.20	8/29/2005	12/31/04 A	Yes					
PUD No. 2 of Grant County	N			AA	\$ 0.20	9/29/2005	12/31/04 A	Yes					
Puget Sound Energy, Inc.	Y			BBB/BBB-	\$ 1.00	7/5/2005	12/31/04 A	Yes					
Redding, City of	N			A-	\$ 0.20	8/19/2005	6/30/04 A	Yes					
Riverside, City of	N			A+	\$ 0.20	1/5/2005	6/30/04 A	Yes					
Sacramento Municipal Utility District	Y			A	\$ 3.00	5/10/2005	12/31/04 A	Yes					
Salt River Project	N			AA	\$ 0.20	11/28/2005	4/30/05 A	Yes					
San Diego Gas & Electric	Y			AA-/A	\$ 2.00	3/24/2005	12/31/04 A	Yes			Credit reduced due to corporate aggregation.		
Santa Clara, City of (SVP)	Y			A	\$ 0.60	8/5/2005	6/30/04 A	Yes			City of Santa Clara Electric Department		
Seattle City Light	Y			AA-	\$ 1.60	5/16/2005	12/31/04 A	Yes					
Sempra Energy Trading Corp.	Y			A/BBB+	\$ 1.50	3/24/2005	12/31/04 A	Yes			Credit reduced due to corporate aggregation.		
Shasta Lake, City of	N			BBB	\$ 0.20	7/5/2005	6/30/04 A	No					
Shelter Cove (Resort Improvement Dist No.1)	Y			N/A	\$ 0.50	9/19/2005	6/30/04 A	No					
Tacoma, City of dba Tacoma Power	Y			AA-/A+	\$ 1.00	6/29/2005	12/31/04 A	Yes			Tacoma Power		
Truckee Donner PUD	N			N/A	\$ 0.20	8/29/2005	12/31/04 A	No					
Turlock Irrigation District	Y			A+	\$ 1.00	7/5/2005	12/31/04 A	Yes					
Western Area Power Administration	Y			AA**	\$ 2.00	8/4/2005	9/30/04 A	Yes			WAPA-Sierra Nevada Region		

** Implied rating \$ 42.92 Aggregate Total

Appendix IV: Transaction Tracking Form - NCPA Initiated Trade

NCPA Deal Control Schedule

1. Deal Number:	_____																		
2. Deal Type:	Purchase / Sale	Energy / Transmission / Capacity / Call Option / Cash Out	Financial / Physical																
3. Contract - Product:	WSPP _____	NCPP _____	Other _____																
4. Participating Members:	_____																		
5. Term:	_____ (Example: Jan 99, Q2 99, Annual 99)																		
6. Shape:	On-Peak / Off-Peak	7x24 / 7x16 / 6x16 / 6x8 / Other _____																	
7. Delivery/Transaction Point:	_____																		
8. Pricing:	Index _____	ISO ExPost _____																	
	Fixed _____	Premium / Option _____																	
	PX + _____	Other _____																	
9. Description:	_____ _____ _____																		
10. Notes:	_____ _____ _____																		
11. Counter Party Information:	<table border="0"> <tr> <td><u>Contract Implementation</u></td> <td><u>Billing</u></td> </tr> <tr> <td>Company _____</td> <td>Company _____</td> </tr> <tr> <td>Contact Name _____</td> <td>Address _____</td> </tr> <tr> <td>Phone _____</td> <td>_____</td> </tr> <tr> <td>Fax _____</td> <td>_____</td> </tr> <tr> <td></td> <td>Attention _____</td> </tr> <tr> <td></td> <td>Phone _____</td> </tr> <tr> <td></td> <td>Fax _____</td> </tr> </table>			<u>Contract Implementation</u>	<u>Billing</u>	Company _____	Company _____	Contact Name _____	Address _____	Phone _____	_____	Fax _____	_____		Attention _____		Phone _____		Fax _____
<u>Contract Implementation</u>	<u>Billing</u>																		
Company _____	Company _____																		
Contact Name _____	Address _____																		
Phone _____	_____																		
Fax _____	_____																		
	Attention _____																		
	Phone _____																		
	Fax _____																		
12. Approvals	<u>Member / Pwr Mgmt</u> Prepared By: _____ Signature: _____ Date: _____	<u>Member / Pwr Mgmt</u> Approval: _____ Signature: _____ Date: _____	<u>Accounting & Finance</u> Audit Review: _____ Signature: _____ Date: _____																

Distribution: Original with Original Contract - Power Accounts Administrator
 Copies - Scheduling and Dispatch, Power Billing Senior Analyst

Appendix V: Transaction Tracking Forms – Member Initiated Trade

NCPA Deal Control Schedule

1. Deal Number:	_____		
2. Deal Type:	Purchase / Sale _____	Energy / Transmission / Capacity / Call Option / Cash Out _____	Financial / Physical _____
3. Contract - Product:	WSPP _____	NCP _____	Other _____
4. Participating Members:	_____		
5. Term:	_____ (Example: Jan 99, Q2 99, Annual 99)		
6. Shape:	On-Peak / Off-Peak _____	7x24 / 7x16 / 6x16 / 6x8 / Other _____	
7. Delivery/Transaction Point:	_____		
8. Pricing:	Index _____ Fixed _____ PX + _____	ISO ExPost _____ Premium / Option _____ Other _____	
9. Description:	_____ _____ _____		
10. Notes:	_____ _____ _____		
11. Counter Party Information:	<u>Contract Implementation</u> Company _____ Contact Name _____ Phone _____ Fax _____	<u>Billing</u> Company _____ Address _____ _____ _____ Attention _____ Phone _____ Fax _____	
12. Approvals	<u>Member / Pwr Mgmt</u> Prepared By: _____ Signature: _____ Date: _____	<u>Member / Pwr Mgmt</u> Approval: _____ Signature: _____ Date: _____	<u>Accounting & Finance</u> Audit Review: _____ Signature: _____ Date: _____

Distribution: Original with Original Contract - Power Accounts Administrator
 Copies - Scheduling and Dispatch, Power Billing Senior Analyst

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE CITY OF LODI ENERGY RISK
MANAGEMENT POLICIES

=====

NOW THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby approve the City of Lodi Energy Risk Management Policies, as shown on Exhibit A attached hereto and made a part of this Resolution.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____

City of Lodi

Energy Risk Management Policies

January 7, 2006

Purpose:

The purpose of the Risk Management Program is to ensure that risks associated with Lodi's bulk power procurement program are properly identified, measured and controlled.

Scope:

The policies are to be applied to all aspects of Lodi's wholesale procurement and sales activities, long-term contracting associated with energy supplies, capital projects and associated financing documents related to generation, transmission, transportation or storage, and participation in Joint Powers Agencies (JPA's).

These policies do not address the following types of general business risk, which are treated separately in other official policies, ordinances, and regulations of the city: fire, accident and casualty, health, safety, workers compensation and other such typically insurable perils.

Risk Management Program Strategies:

1. Identify, measure and control risks that would have an adverse affect on retail rate stability
2. Assign risk management responsibilities to appropriately qualified individuals and committees

Risk Management Program Objectives:

1. Maintain a regularly updated inventory of Lodi's Bulk Power Procurement Program risks
2. Establish risk metrics and reporting mechanisms that provide both quantitative and qualitative assessments of potential impacts to rate stability
3. Adopt business practices that encourage development of appropriate levels of operating reserve funds, contribute to retail rate stability and maintain appropriate security for established funds

Risk Inventory:

Lodi Electric must inventory and address the following categories of risk as a component of the monitoring and reporting under the risk management program:

- Price Risk
- Credit Risk
- Operational Risk
- Contingent Liabilities

Price Risk – Price risk is the risk that wholesale prices may increase relative to open position needs and/or long term supply contracts may move “out of the money”, or become unprofitable or costly in comparison to prevailing price levels.

Credit Risk – Credit risk is the risk associated with entering into any type of transaction with another counterparty and is generally segmented into the following five categories:

1. Trading Counterparties and retail customers fail to pay for energy delivered
2. Trading counterparties and/or wholesale suppliers fail to deliver contracted for energy
3. Trading counterparties fail to take delivery of energy sold to them, necessitating a quick resale elsewhere, likely at a loss
4. Counterparties, may refuse to extend credit or charge a premium for credit risks
5. Counterparty transactions are too concentrated among a limited number of suppliers

Operational Risk – Operational risk consists of the potential to effectively plan, execute or control business activities. Operational risk includes the potential for:

1. Inadequate organizational infrastructure, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, absence of internal checks and balances, incomplete and untimely planning, incomplete and untimely reporting, failure to separate incompatible functions, etc.
2. Absence, shortage or loss of key personnel
3. Lack or failure of facilities, equipment, systems and tools such as computers, software, communications links and data services;
4. Inability to finance capital projects or meet financial obligations incurred in the course of wholesale operations;
5. Exposure to litigation or sanctions as a result of violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting contracts effectively, etc.
6. Errors or omissions in the conduct of business, including failure to execute transactions, violations of guidelines and directives, etc.

Contingent Liabilities – contingent liabilities consist of liabilities that Lodi could incur in the event of the failure of other parties to discharge their obligations. At present, these consist of three principle categories:

1. Guarantees and step up provisions in the enabling agreements for the Joint Powers Agencies (JPAs) of which the city is a member
2. Project closure, decommissioning, environmental remediation and other obligations which result from Lodi's own activities and from JPA projects and activities;
3. Provisions for take or pay, termination payments and/or margin calls in the city's long-term electric power supply agreements.

Prohibited and Authorized Transaction Types:

Prohibited Transaction Types

Speculative buying and selling of energy products is prohibited. Speculation is defined as buying energy that is not needed for meeting forecasted load, selling energy that is not owned and/or selling energy that is not surplus without simultaneously replacing that

energy at a lower cost. In no event shall transactions be entered into to speculate on market conditions.

Approved Transaction Types

1. Purchase energy to serve load above what is expected to be generated or purchased from existing resources.
2. Sell existing capacity or energy that is expected to be in excess of Lodi's load serving obligations
3. Purchase gas that is expected to be needed to fuel owned plants
4. Sell surplus gas if more economic energy is available for purchase
5. Execute financial transactions to fix the price of variable commodity purchases or sales
6. Purchase simple call options to limit price exposure on short gas or electricity positions
7. Sell simple call options or tolling agreements on capacity that is expected to be in excess of Lodi's load serving obligations
8. Purchase emissions allowances deemed necessary for efficient operations of owned generating facilities
9. Purchase or sell firm transmission rights to manage congestion price risk
10. A purchase/sale of energy at the California Oregon Border and a sale/purchase of energy at NP15 to take advantage of Lodi's transmission capacity
11. A purchase of natural gas and a sale of energy to take advantage of excess gas fired peaking capacity
12. A sale of natural gas and a purchase of electricity to take advantage of market heat rates below NCPA gas fired generation.

Transactions that are not included in the Approved Transactions Type list are prohibited, unless explicitly approved by the City Council.

Energy Risk Management Roles, Responsibilities and Organization:

City Council

The City Council is responsible for making high-level, broad policy and strategy statements as contained in the Energy Risk Management Policy document. The City Council adopts the Energy Risk Management Policies as developed and recommended by the Risk Oversight Committee and delegates the City Manager to execute it. The City Council will review the Energy Risk Management Policy every year. Additionally, the City Council shall receive reports quarterly from the City Manager regarding risk management activities. These reports will be provided to the Council within six weeks after the end of each calendar quarter.

City Manager

The City Manager has overall responsibility for executing and ensuring compliance with policy adopted by the City Council. The City Manager reports quarterly to the City Council regarding energy risk management activities.

Risk Oversight Committee (ROC)

The ROC shall include as voting members, the City Manager, Assistant City Manager, City Attorney and the Electric Utility Director; or in the case of their absence, their designees. The City Manager shall appoint the chair of the ROC. Additional non-voting members may be invited to participate on the ROC based on supporting expertise required by the ROC.

The ROC shall meet not less than once per month, or as otherwise called to order by the City Manager or City Council. The ROC shall keep minutes of all meetings and business transacted and shall appoint one of its members to perform this task. A quorum for the ROC to do business shall consist of all members or their designees. The ROC shall request attendance at its meetings by, and/or reports from, other persons as appropriate. The City Manager shall make regular reports to the City Council regarding business transacted by the ROC at such intervals and/or upon such occasions as the Council shall direct.

The ROC shall have the responsibility for ensuring that business is conducted in accordance with the Energy Risk Management Policies (ERMP). The ROC shall from time to time, adopt and bring current risk management business practices, defining in detail the internal controls, strategies and processes for managing risks associated with the adoption of those business practices. The ROC shall recommend to the City Council the categories of transactions permitted and set risk limits for those transactions. The ROC, with the approval of the City Manager, shall confirm the assignment of authority to execute wholesale trading transactions, and administer retail accounts, supply contracts, capital projects and JPA relationships.

Electric Department

The Electric Department shall participate on the ROC through the Electric Utility Director. The Electric Utility Director shall provide load forecast information and coordinate the receipt and dissemination of relevant market and transactional information undertaken on Lodi's behalf through NCPA.

Finance Department

The Finance Department shall participate on the ROC through the Assistant City Manager and provide accounting and cash flow information to the ROC.

Legal Department

The Legal Department shall participate on the ROC through the City Attorney and provide legal advice and representation and ensure that business is carried out in compliance with all applicable laws, regulations and executive court orders.

Reporting

Quarterly reports shall be provided to the City Council, which provide detail on the City's forward purchases, market exposure, credit exposure, transaction compliance and other relevant data.

Quarterly Reports shall include:

- Load and Resource balances as forecast and adopted in the current operating years budget
- Load and Resource balances as adjusted due to operating conditions or purchases occurring during the quarter
- An assessment of market exposure
- An assessment of the quarterly change in power supply cost from budget
- Credit Exposure by counterparty
- A summary of any purchases made during the quarter
- An assessment of any counterparty credit problems

Transaction Limits and Controls

For transactions executed on behalf of Lodi through NCPA, trade authorization levels, counterparty credit limits and minimum counterparty rating criteria shall be as described in NCPA's "Trade and Risk Management 1999 Interim Policies, Processes and Procedures (RMPP)", which are made a part of this document, and attached hereto.

Material changes to NCPA's RMPP shall be reported to the City Council as part of the quarterly reporting under Lodi's Energy Risk Management Policy.

For transactions executed on behalf of Lodi through NCPA, the City Manager and the Electric Utility Director shall have the authority to direct NCPA to enter into purchase agreements under authority granted by the City Council, by Resolution. The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Because NCPA cannot enter into agreements on behalf of pooling members for longer than one year, power supply contracts that have terms longer than one year, or that begin delivery more than one year into the future must be executed directly by Lodi.

For transactions executed directly by Lodi, the City Manager and the Electric Utility Director shall have the authority to enter into purchase agreements under authority granted by the City Council, by Resolution.

The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Any resolution delegating authority to the city manager to contract for electricity shall specify generally at least the following terms and conditions and the description of energy and energy services to be procured, including, but not limited to, on-peak and off-peak energy and ancillary services; term, specifying a not-to-exceed period of time; period of delivery denoted in years or months; and point of delivery on the locus on the interstate transmission system on which the delivery is made.

Any delegation of authority to contract for gas shall specify generally at least the following terms and conditions; quantity and the description of gas services to be procured, including but not limited to scheduled gas and gas transportation services, specifying a not-to exceed period of time; period of delivery denoted in years or months or years and months; and point of delivery of the locus on the interstate transmission system at which the transfer of title is made.

For contracts executed directly by the City, the City shall use standardized form contracts for the procurement of gas and electricity, as practicable, including, but not limited to form contracts created and copyrighted by the Edison Electric Institute, the Western States Power Pool, and the North American Energy Standards Board. Unless waived by resolution of the City Council, a counterparty shall obtain and maintain during the term of the contract, the minimum credit rating established as of the date of award of the contract of not less than a BBB- credit rating established by Standard and Poor's and a Baa3 credit rating established by Moody's Investors Services.

All procurement of gas and electricity by contract shall conform to the requirements of the Energy Risk Management Policies.

Compliance

Compliance exceptions are actions, which violate the authority limits, requirements or directives set forth in the Energy Risk Management Policy. All exceptions shall be reported immediately to the City Manager and quarterly to the City Council in the quarterly exception report.

Willful violations of the Energy Risk Management Policy will be subject to review and may be cause for discipline or dismissal.

Risk Management White Paper for Lodi Electric

Background:

The city council has implemented a series of measures over the last three months, addressing the financial condition of the electric utility. The first effort was to secure sufficient energy supplies at a known cost in order to meet Lodi's load serving obligations to its customers and to ensure stable costs through the balance of the fiscal year. The second effort was to increase rates through an interim Market Cost Adjustment mechanism in order that sufficient revenues would be recovered from Lodi's customers to cover the costs of providing those services. The third step, which is in process, will be to transform the interim and temporary Market Cost Adjustment into a permanent rate structure that reflects Lodi's ongoing projected costs of operations. The fourth and final major element of activities addressing the financial condition of Lodi Electric is the preparation of a Risk Management Plan. This white paper is intended to a) identify the key elements of a Risk Management Plan b) compare and contrast the Risk Management policies and procedures in use at other municipal utilities, c) to suggest an initial and preliminary set of Risk Management Policies and Procedures that could be put in place by Lodi Electric, d) to identify future actions that should be considered by the city council in order to migrate from an initial, preliminary set of Risk Management Policies and Procedures to a more permanent set of Risk Management Policies and Procedures, and e) assist the council as it considers which Risk Management Policies and Procedures would be useful for Lodi.

Issue:

Lodi Electric procures significant portions of its energy needs through market purchases. These market purchases include gas, which is converted to energy through Lodi's ownership interests in gas turbine projects and direct purchases of electricity from the market to fulfill Lodi's load serving obligations to its customers. Lodi has also sold surplus energy and capacity from time to time when it has found itself in a surplus condition.

Reliance on the market for a large percentage of Lodi's load serving obligations and the absence of comprehensive procurement strategies have lead to the need to procure energy in highly volatile markets and increased costs for purchased power. As a result, the City Council has requested that Lodi Electric prepare a Risk Management Policy and Procedure document that can be used to begin reducing the uncertainty and volatility that Lodi has experienced regarding its energy market transactions.

Staff has accumulated Risk Management Policy and Procedure (RMPP) documents from the cities of Santa Clara, Palo Alto and Roseville as being representative of effective policies and procedures. A key feature of these policies and procedures is that they were originally developed through a committee structure (meaning several key personnel were involved in the drafting, review and approval process) and they have been continually updated and refined over time based on experience (both good and bad). A major benefit of the committee drafting method is the education and increased level of understanding that occurs throughout the organization regarding all aspects of the Risk Management

Program criteria as opposed to the knowledge being vested with a single person when drafted in singular fashion. While this white paper will attempt to set forth a compelling first draft of recommended policies and procedures, a committee of individuals throughout the organization should ultimately be assembled to refine, critique, understand and update the document.

A second major feature of these documents is that they are written with the acknowledgement that these cities will be entering into transactions on their own account, meaning they will directly negotiate deals with counterparties and execute the transactions, which requires an organizational risk management structure that can support these activities. In Lodi's case, it is anticipated that NCPA would negotiate the deals, execute the agreements and have the appropriate organizational infrastructure and staff in place to support this element of a risk management program, however, Lodi would still need to have an organizational structure in place that was sufficient to review and approve the actions taken by NCPA or to provide direction to NCPA to enter into a particular transaction on Lodi's behalf. Even though these cities take a more active role in initiating and consummating energy transactions than Lodi is likely to experience, the Risk Management Policies and Procedures prepared by these cities can provide significant guidance to Lodi as Lodi develops its own program, and associated policies and procedures.

Elements of the Risk Management Program:

In comparing the Risk Management Programs from the three cities, all have the following elements as features of the overall program:

- A description of the purpose and scope of the policy
- Discussion of the Risk Management strategy and objectives
- Identification of risks the policy is intended to address
- Specification of allowed and prohibited transaction types
- Identification of the Roles and Responsibilities of oversight bodies and responsible staff
- Specification of reporting and transacting measures and controls
- Compliance criteria

Comparison of Purpose and Scope Descriptions

Santa Clara

The Risk Management program is intended to be applied to all areas of Santa Clara's business including wholesale trading, retail marketing, long-term contracting, capital projects and participation in Joint Powers Agencies (JPA's). The regulations are intended to address market risks consisting of price risk, credit risk, regulatory risk, and contingent liabilities arising from Santa Clara's participation in the electricity markets in the western United States. The regulations explicitly exclude other general business risks such as fire, accident and health, workers compensation and other typically insurable perils.

Palo Alto

The Risk Management program is intended to detail the key control structures and policies for a sound risk management process based on sound utility risk management principles. The policies are applied to the electric, natural gas and telecommunications

business units. The policies are developed to address risks associated with wholesale and retail operations, capital projects related to generation, transportation, transmission or storage (not distribution projects), and participation in joint powers agencies. The policy specifically excludes general business risks such as fire, accident, casualty, workers comp, general liability and expressly excludes the electric and natural gas distribution business units.

Roseville

Roseville takes a slightly different angle in describing its purposes and scope, stating the Risk Management program is designed to ensure that general enterprise risks are properly identified, measured and controlled and that it is the general philosophy of Roseville to avoid unnecessary risks and to limit, to the extent practicable, risks assumed or retained to those with measurable outcomes that are within Roseville's risk tolerance.

Discussion of similarities and differences

There is little difference between the agencies in terms of defining the purpose and scope of their individual risk management programs. All have focused on bulk power program related risks to the organization as the primary purpose of the policy and Lodi should adopt the same approach.

Suggested Lodi Purpose and Scope Statements

Purpose: The purpose of the Risk Management Program is to ensure that risks associated with Lodi's bulk power procurement program are properly identified, measured and controlled.

Scope: The policies are to be applied to all aspects of Lodi's wholesale procurement and sales activities, long-term contracting associated with energy supplies, capital projects and associated financing documents related to generation, transmission, transportation or storage, and participation in Joint Powers Agencies (JPA's).

These policies do not address the following types of general business risk, which are treated separately in other official policies, ordinances, and regulations of the city: fire, accident and casualty, health, safety, workers compensation and other such typically insurable perils.

Comparison of Risk Management Strategies and Objectives

Santa Clara

Santa Clara identifies the following five strategies:

1. Maintaining an integrated and balanced portfolio of resources and obligations with built in hedges

2. Matching the resource position to market trends, i.e. long during periods of growth and rising prices and short in times of shrinkage and falling prices
3. Knowing and being an active participant in the electricity market place
4. Instituting and applying state of the art management techniques and processes
5. Assigning risk management responsibility to appropriately qualified people

Objectives are expressed through the following mission statements:

1. Assist in achieving the business objectives in the strategic plan
2. Discharge fiduciary responsibilities for assets of the City which are managed by SVP
3. Avoid losses which would materially impact the financial condition of SVP and the City
4. Sustain financial returns which are proportional to the risks taken and the capital invested
5. Facilitate the judicious pursuit of market opportunities by SVP
6. Encourage the development and maintenance of a corporate culture at SVP in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills and analytical rigor come together to achieve objectives.

Palo Alto

The city of Palo Alto expresses its Risk Management strategy as a philosophy by indicating “the basic premise underlying the City’s energy risk management attitude is that no activities related to energy purchase and sales should expose the City to the possibility of large financial losses in relation to the size of the electricity and gas reserve funds. They then go on to describe the objectives as follows:

1. Retail Rate Stability – mitigate market and credit risk by managing the risks inherent in the commodity markets in which CPAU participates and maintaining the safety of gas and electric reserve funds.
2. Preserve a supply cost advantage – reduce exposures to potential adverse energy price movements, enhance revenue by taking advantage of flexibility inherent in CPAU contracts and resources and enhance revenues by offering commodity products that address customer needs and adequately cover costs.
3. Efficient and Cost Effective Business Processes – staff will utilize business practices and controls that are sufficient to identify, evaluate and manage risks that are designed to streamline and minimize recording, analysis and reporting requirements.

Roseville

Roseville does not explicitly state its strategies or objectives in its risk management document, but does go into great detail on the tactics they will use to minimize risks. Tactics will be compared and addressed later in this white paper.

Discussion of Similarities and Differences

Each of the agencies approaches the development of strategies and objectives quite differently. In Santa Clara’s case, they have established a dispatch center; have surplus capacity in both generation and transmission and transmission connections to both the

southwest and the northwest. As a result, they want to be active participants in the market such that they can take advantage of price differences between the three markets (Pacific Northwest, California and Desert Southwest) themselves. Their strategy could be characterized as an offensive strategy, where they want to minimize risk, but they are willing to take some risk if there is an appropriate return associated with the risk. In order to accomplish this, they have assembled a staff that is sufficient to allow them effectively trade in the markets on a daily basis in addition to the capability to enter into short and long-term contracts. Palo Alto, on the other hand, has more of a defensive strategy, where their goal is to maintain preservation of rate stabilization fund balances and to maintain rate stability. In order to do this, Palo Alto has taken a long-term perspective, committing to series of short and long-term purchases at known prices, and does not actively participate in daily market transactions. Palo Alto has assembled the necessary staff that allows them to effectively plan, initiate and execute contracts for the short and long term purchases. Roseville fits between the Santa Clara and Palo Alto models. They are in the process of assembling staff that would allow them to move to more of the Santa Clara model, but in the interim, have engaged in financial transactions, prohibited under Palo Alto's defensive strategy, that in Roseville's view, have the appropriate risk to return tradeoffs.

Lodi's financial position and limited staffing requires that Lodi operate more in line with Palo Alto's defensive strategy by adopting practices that contribute to retail rate stability and preservation of Lodi's limited fund balance.

Suggested Lodi Strategies and Objectives

Strategies:

3. Identify, measure and control risks that would have an adverse affect on retail rate stability
4. Assign risk management responsibilities to appropriately qualified individuals and committees

Objectives:

4. Maintain a regularly updated inventory of Lodi's Bulk Power Procurement Program risks
5. Establish risk metrics and reporting mechanisms that provide both quantitative and qualitative assessments of potential impacts to rate stability
6. Adopt business practices that encourage development of appropriate levels of operating reserve funds, contribute to retail rate stability and maintain appropriate security for established funds

Comparison of Risk Inventories

Each of the documents go through a fairly extensive discussion of the utility specific risks that each of the cities face under the particular category of risk described. Discussion and development of these specific risks though a committee type setting is one of the most valuable educational processes that committee members and individuals charged with carrying out elements of the risk management program can undertake. The discussions invariably lead to an improved understanding of all of the elements of risk and frequently lead to improvements in the overall policies and procedures that would not have been realized if written by one individual. As part of Lodi's Risk Management program

development, additional committee work should continue to discuss and refine both the broad and specific categories of risk that are suggested for Lodi in this white paper.

Santa Clara

Santa Clara identifies the categories and subcategories of risk, defining them in the following fashion:

Market Risk:

Price Risk – wholesale trading positions, long – term supply contracts and generation resources may move out of the money, or become unprofitable or costly in comparison with similar positions, contracts or resources obtainable at present prices.

Credit Risk – any risk that SVP incurs as a result of selling to and buying from other entities. For example, counterparties and customers may fail to pay for energy delivered. Trading counterparties may fail to deliver contracted for energy. Counterparties may fail to take delivery of energy sold to them. Counterparties and suppliers may refuse to extend credit.

Regulatory Risk – risk that regulatory agencies, courts and legislatures may take which a) result in fines, assessments or other unrecoverable costs b) adversely affect market prices or liquidity, c) impairs the capability of trading counterparties, d) prevent SVP from performing to its own contractual obligations, e) interfere with SVP's generation, transmission or distribution operations or f) interfere with the City's ability to finance capital projects

Operational Risk – consists of the potential for failure to act effectively to plan, execute and/or control business activities.

Palo Alto

Palo Alto describes its risk inventory through its reporting mechanisms and the responsibilities that have been assigned to functional areas created under the risk management policies. For example Palo Alto has established the traditional “Front Office”, “Mid – Office” and “Back Office” organizational structure and assigned the following responsibilities to individuals in those areas. The Front Office is responsible for resource planning and procuring energy supplies and services. This would encompass the “Operational Risk” and “Regulatory Risk” activities outlined in the SVP discussion above. The Mid Office is responsible for Controls and Reporting, incorporating elements such as review and reporting on portfolio exposure, credit exposure, transaction compliance, ongoing approval of counterparty credit and ongoing monitoring of compliance with policies, guidelines and procedures. This would encompass the “Market Risk” element as outlined in the SVP discussion above.

Roseville

Roseville takes a slightly different approach in outlining its risk inventory, spending more time on a narrative of the specific types of risks it is exposed to given its resource/fuel mix and its location on the grid in California. The more detailed description of Roseville's specific risks can also be segmented into the broad categories enumerated by SVP:

- Price Risk
- Credit Risk
- Operational Risk
- Regulatory Risk

Discussion of similarities and differences in the risk inventory

The categories of risk being considered by three agencies are virtually identical, and would be the same for Lodi as well. Where the differences arise are in the level of activity undertaken by the various agencies and resulting volumetric risk associated with those undertakings. As an example, if Santa Clara is in the market on a daily basis, they may interact with numerous counterparties and have a need to review credit risk with a large number of counterparties frequently. Palo Alto, on the other hand, may transact with fewer counterparties due to their use of longer-term contracts, and would therefore need to monitor a smaller number of credit risks. NCPA, on behalf of Lodi would perform the routine credit monitoring function as NCPA is in the market on a daily basis, but Lodi would still want to be reviewing and be cognizant of the credit status of any counterparty to a long term supply agreement with Lodi. Similarly, until Lodi is able to close large open supply positions, Lodi will be subject to greater price risk than the three comparison agencies and Lodi policy makers will want to know how that risk is being managed over the course of the year. For purposes of the risk inventory, Lodi should utilize the same broad categories of risk and focus its reporting and measurement on those risk factors that have the greatest chance of preventing Lodi from meeting the strategies and objectives of the risk management plan.

Suggested Lodi Risk Inventory Elements

- Price Risk
- Credit Risk
- Operational Risk
- Contingent Liabilities

Price Risk – Price risk is the risk that wholesale prices may increase relative to open position needs and/or long term supply contracts may move “out of the money”, or become unprofitable or costly in comparison to prevailing price levels.

Credit Risk – Credit risk is the risk associated with entering into any type of transaction with another counterparty and is generally segmented into the following five categories:

6. Trading Counterparties and retail customers fail to pay for energy delivered
7. Trading counterparties and/or wholesale suppliers fail to deliver contracted for energy
8. Trading counterparties fail to take delivery of energy sold to them, necessitating a quick resale elsewhere, likely at a loss
9. Counterparties, may refuse to extend credit or charge a premium for credit risks
10. Counterparty transactions are too concentrated among a limited number of suppliers

Operational Risk – Operational risk consists of the potential to effectively plan, execute or control business activities. Operational risk includes the potential for:

7. Inadequate organizational infrastructure, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, absence of internal checks and balances, incomplete and untimely planning, incomplete and untimely reporting, failure to separate incompatible functions, etc.
8. Absence, shortage or loss of key personnel

9. Lack or failure of facilities, equipment, systems and tools such as computers, software, communications links and data services;
10. Inability to finance capital projects or meet financial obligations incurred in the course of wholesale operations;
11. Exposure to litigation or sanctions as a result of violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting contracts effectively, etc.
12. Errors or omissions in the conduct of business, including failure to execute transactions, violations of guidelines and directives, etc.

Contingent Liabilities – contingent liabilities consist of liabilities that Lodi could incur in the event of the failure of other parties to discharge their obligations. At present, these consist of three principle categories:

4. Guarantees and step up provisions in the enabling agreements for the Joint Powers Agencies (JPAs) of which the city is a member
5. Project closure, decommissioning, environmental remediation and other obligations which result from Lodi's own activities and from JPA projects and activities;
6. Provisions for take or pay, termination payments and/or margin calls in the city's long-term electric power supply agreements.

Comparison of allowed and prohibited transactions

Santa Clara

Santa Clara authorizes the purchase and sale of electricity subject to specific criteria. For example, individual employees are assigned specific transaction limits and are prohibited from trading on their own account. The authorities to transact are further limited in term length and by aggregate credit exposure and volumetric limits with the transacting counterparties. Subject to these qualifications, Santa Clara authorizes the following types of transactions:

1. Contracts made for forward or real-time receipt or delivery of electricity
2. Contracts for the provision of electrical transmission and ancillary services, either forward or real time
3. Simple options to sell (puts) and options to buy (calls) electricity directly to and from SVP and trading counterparties at a future date, denominated by volume and to commence not later than the fourth calendar month following the date of the sale or purchase of the option; and
4. Swaps consisting of offsetting purchases and sales of electricity at different delivery points, simultaneously, under two separate contracts
5. Purchase of fuels for operation of generating facilities or maintenance of fuel storage as required to support the supply of power, maintain system reliability and provide ancillary services, in order to meet customer needs or contractual or regulatory obligations;
6. Resale of surplus fuels and transportation capacity
7. Price hedging of fuel supplies by the purchase or sale of forward or futures contracts and simple put or call options for quantities commensurate with actual operating requirements

8. Price hedging of fuel transportation by the purchase or sale of forward capacity contracts, basis swaps, and simple put or call options for quantities commensurate with actual operating requirements.

Palo Alto

Palo Alto prohibits speculative buying and selling of energy products where “speculation” is defined as buying or selling energy not needed for meeting load or selling energy that is not owned. Palo Alto provides further prohibitions against entering into transactions to speculate on market conditions.

Products allowed for electric transactions include purchases of energy, capacity, transmission and ancillary services. Products allowed for natural gas transactions include energy, transportation, and storage. Only physical transactions are allowed. Palo Alto’s policy differs dramatically from both Santa Clara’s and Roseville’s policies in this regard, where both Santa Clara and Roseville allow for financial transactions (e.g. purchase and sale of options) to hedge risk.

Roseville

Roseville policies regarding approved transaction types are very consistent with Santa Clara’s, allowing for transaction types necessary to meet load serving obligations, prohibiting transaction types that would be of a speculative nature and limiting financial types of transactions to simple financial trades that lower costs or prevent increases in costs. Specific approved transaction types are described below:

1. Purchase energy to serve load above what is expected to be generated or purchased from existing resources.
2. Sell existing capacity or energy that is expected to be in excess of Roseville’s load requirements
3. Purchase gas that is expected to be needed to fuel owned plants
4. Sell surplus gas if more economic energy is available for purchase
5. Execute financial transactions to fix the price of variable commodity purchases or sales
6. Purchase call options to limit price exposure on short gas or electricity positions
7. Sell call options or tolling agreements on capacity that is expected to be in excess of Roseville’s load serving obligations
8. Purchase a “floor” to limit price exposure on long gas or electricity positions
9. Sell call options or tolling agreements on capacity that is expected to be in excess of RE’s resource requirements
10. Purchase a “floor” to limit price exposure on long gas or power positions
11. Sell a “floor” to offset a portion of the price of the purchase of call options listed above
12. Purchase emissions allowances deemed necessary for efficient operations of owned generating facilities
13. Purchase or sell firm transmission rights to manage congestion price risk
14. A purchase/sale of energy at the California Oregon Border and a sale/purchase of energy at NP15 to take advantage of RE’s transmission capacity
15. A purchase of natural gas and a sale of energy to take advantage of excess gas fired peaking capacity

16. A sale of natural gas and a purchase of electricity to take advantage of market heat rates below RE or NCPA gas fired generation.

Discussion of approved and prohibited transactions

There is little difference between the agencies in terms of what is allowed versus not allowed. All agencies focus on providing the tools needed to meet the agency's load serving obligation and prohibit transactions that are entered into for purely speculative reasons. The one primary difference between the agencies is that Palo Alto prohibits any type of financial transaction, including simple call and put options, whereas both of the other agencies allow for the purchase and sale of simple puts and calls.

Suggested Lodi language for allowed and prohibited transactions

Prohibited Transaction Types

Speculative buying and selling of energy products is prohibited. Speculation is defined as buying energy that is not needed for meeting forecasted load, selling energy that is not owned and/or selling energy that is not surplus without simultaneously replacing that energy at a lower cost. In no event shall transactions be entered into to speculate on market conditions.

Approved Transaction Types

13. Purchase energy to serve load above what is expected to be generated or purchased from existing resources.
14. Sell existing capacity or energy that is expected to be in excess of Lodi's load serving obligations
15. Purchase gas that is expected to be needed to fuel owned plants
16. Sell surplus gas if more economic energy is available for purchase
17. Execute financial transactions to fix the price of variable commodity purchases or sales
18. Purchase simple call options to limit price exposure on short gas or electricity positions
19. Sell simple call options or tolling agreements on capacity that is expected to be in excess of Lodi's load serving obligations
20. Purchase emissions allowances deemed necessary for efficient operations of owned generating facilities
21. Purchase or sell firm transmission rights to manage congestion price risk
22. A purchase/sale of energy at the California Oregon Border and a sale/purchase of energy at NP15 to take advantage of Lodi's transmission capacity
23. A purchase of natural gas and a sale of energy to take advantage of excess gas fired peaking capacity
24. A sale of natural gas and a purchase of electricity to take advantage of market heat rates below NCPA gas fired generation.

Transactions that are not included in the Approved Transactions Type list are prohibited, unless explicitly approved by the City Council.

Comparison of the roles and responsibilities of oversight bodies and responsible staff

Santa Clara

Santa Clara has established roles and responsibilities for the following committees and individuals:

- City Council
- City Manager
- Risk Oversight Committee (ROC)
- Risk Management Committee (RMC)
- Risk Management Sub Committees
- Risk Management Divisions
- Power Trading Division (Front Office Personnel)
- Power Trading Division (Back Office Personnel)
- Electric Marketing
- Electric Generation and Transmission Project Management
- Electric Contract Administration
- Joint Action Coordination Division

A complete description of the roles and responsibilities of each committee and individual can be found in the document “Market Risk Management Regulations Draft Rev 5 [5-9-03]”. For the purposes of this comparison, only the City Council, City Manager, Risk Oversight Committee and Risk Management Committee will be discussed.

Under the Risk Management Policy, the City Council assigns the City Manager to implement the Risk Management Program. The City Manager then has the overall responsibility for implementing the Risk Management Program, including delegating specific duties for carrying out the policy and ensuring compliance with it by all affected City Employees and temporaries.

The Risk Oversight Committee is made up of voting members including: the City Manager, Director of Finance, City Attorney and the Electric Utility Director. The ROC meets at least quarterly, keeps minutes of its meetings and is charged with the following responsibilities:

- Ensuring that business is conducted in accordance with Risk Management Policies
- Updating/Modifying Risk Management Regulations
- Determining the type of permitted transactions
- Establishing authorization limits

The Risk Management Committee (RMC) is made up of eight members: the Assistant Directors of the Electric Department for Marketing and Resources; the Assistant Director of Finance; the Division Managers for Power Trading and Risk Analysis; the Division Manager for Markets, Regulatory Affairs and Planning, the Back Office Manager and an Attorney designated by the legal department. The RMC meets at least two times per month, reviewing compliance with Risk Management Policies on a more frequent basis and provides recommendations for modifications or updates to Risk Management Regulations to the ROC for approval.

Palo Alto

Palo Alto has established roles and responsibilities for the following committees and individuals:

- City Council
- Utility Advisory Commission
- City Manager
- Risk Oversight Committee
- Management Oversight
 - Front Office – Planning and Procurement
 - Middle Office – Controls and Reporting
 - Back Office – Settlement and Recording

Like Santa Clara, the Palo Alto City Council delegates authority for implementing the Risk Management program to the City Manager. The City Council receives quarterly reports from the City Manager regarding energy risk management activities and reviews the total policy once each year.

The Risk Oversight Committee (ROC) consists of the Director of Utilities (chairperson), Director of Administrative Services, and the Assistant City Manager. The Senior Assistant City Attorney assigned to Utilities and the City Auditor act as non-voting advisors to the ROC. The ROC is charged with overseeing and reviewing the risk management process and infrastructure and managing the Utilities' risk exposure.

Roseville

Roseville's Risk Management Policies prescribe roles and responsibilities for:

- Risk Oversight Committee (ROC)
- Risk Management Committee (RMC)

The Risk Oversight Committee is comprised of appointees of the City Manager, among whom, may include a member of the City Council, a member of the Public Utilities Commission, the City Manager, Finance Director, City Attorney, Electric Utility Director and Assistant Electric Utility Directors for Power Supply and Administrative and Retail Services. The ROC meets quarterly and is responsible for:

- Establishing the budgeted power supply cost for the upcoming fiscal year and the fiscal years ending 24 months 60 months and 120 months from the commencement of the next fiscal year
- Adjusting credit limits up or down for qualified counterparties
- Recommending target unrestricted fund balances that can be used for the power supply function
- Review and monitor compliance with the Risk Management Policies

The Risk Management Committee is comprised of the City Manager, Finance Director, City Attorney, Electric Utility Director, and Assistant Electric Utility Directors for Power Supply and Administrative and Retail Services. This committee may also include an independent risk consultant. The RMC meets monthly and is charge with the following responsibilities:

- Ensuring compliance with Risk Management Policies and Procedures
- Monitoring Roseville's cash flow and liquidity needs
- Discussing hedging strategies and making recommendations for non-standard transactions to the ROC and City Council

- Discussing counterparty credit and recommending any change in credit limits to the ROC for approval

Discussion of Oversight Bodies and Responsible Staff

The primary similarity in the structure of the oversight bodies between the three agencies is the commitment of senior executive staff from the entire city organization to the risk oversight process. In all instances, the agencies include the city manager, finance director, electric utility director and city attorney in regular meetings to review compliance with risk management policies and procedures. Roseville takes the commitment a step further by including a member of the city council and a member of its advisory public utilities commission in the regular meetings of the risk oversight committees. Also, in all instances, the city councils of the agencies delegate the responsibility for implementing the policies to the city manager and then create a Risk Oversight Committee of senior executive city staff (and in one case including policy makers) to ensure that risk management policies and procedures are adhered to. Santa Clara and Roseville have created both a Risk Oversight Committee (ROC) and a Risk Management Committee (RMC). The Risk Oversight Committee meets quarterly, while the Risk Management Committee meets monthly. In Roseville's case, the city manager, finance director and city attorney (among other executive utility staff) sit on both the ROC and the RMC. In Santa Clara's case, the ROC includes the City Manager, City Attorney and Finance Director (among other utility executive staff) and meets quarterly, while the RMC includes subordinate executive staff from city departments (asst directors) and meets twice per month. Given the significantly greater number of staff available at the comparison agencies versus Lodi, Lodi should start with a single committee, the Risk Oversight Committee, and staff the committee with senior executive staff from throughout the city. Given the number of issues to be considered and the "in development" nature of the ROC, the committee should meet monthly.

Suggested Lodi Language for Oversight Bodies and Responsible Staff

City Council

The City Council is responsible for making high-level broad policy and strategy statements as contained in the Energy Risk Management Policy document. The City Council adopts the Energy Risk Management Policies as developed and recommended by the Risk Oversight Committee and delegates the City Manager to execute it. The City Council will review the Energy Risk Management Policy every year. Additionally, the City Council shall receive reports quarterly from the City Manager regarding risk management activities. These reports will be provided to the Council within six weeks after the end of each calendar quarter.

City Manager

The City Manager has overall responsibility for executing and ensuring compliance with policy adopted by the City Council. The City Manager reports quarterly to the City Council regarding energy risk management activities.

Risk Oversight Committee (ROC)

The ROC shall include as voting members, the City Manager, Assistant City Manager, City Attorney and the Electric Utility Director; or in the case of their absence, their

designees. The City Manager shall appoint the chair of the ROC. Additional non-voting members may be invited to participate on the ROC based on supporting expertise required by the ROC.

The ROC shall meet not less than once per month, or as otherwise called to order by the City Manager or City Council. The ROC shall keep minutes of all meetings and business transacted and shall appoint one of its members to perform this task. A quorum for the ROC to do business shall consist of all members or their designees. The ROC shall request attendance at its meetings by, and/or reports from, other persons as appropriate. The City Manager shall make regular reports to the City Council regarding business transacted by the ROC at such intervals and/or upon such occasions as the Council shall direct.

The ROC shall have the responsibility for ensuring that business is conducted in accordance with the Energy Risk Management Policies (ERMP). The ROC shall from time to time, adopt and bring current risk management business policies, defining in detail the internal controls, strategies and processes for managing risks associated with the adoption of those business practices. The ROC shall recommend to the City Council the categories of transactions permitted and set risk limits for those transactions. The ROC, with the approval of the City Manager, shall confirm the assignment of authority to execute wholesale trading transactions, and administer retail accounts, supply contracts, capital projects and JPA relationships.

Electric Department

The Electric Department shall participate on the ROC through the Electric Utility Director. The Electric Utility Director shall provide load forecast information and coordinate the receipt and dissemination of relevant market and transactional information undertaken on Lodi's behalf through NCPA.

Finance Department

The Finance Department shall participate on the ROC through the Assistant City Manager and provide accounting and cash flow information to the ROC.

Legal Department

The Legal Department shall participate on the ROC through the City Attorney and provide legal advice and representation and ensure that business is carried out in compliance with all applicable laws, regulations and executive court orders.

Comparison of reporting and transacting measures and controls

Santa Clara

Santa Clara does not specify the reports required under the risk management policy, but instead requires that meaningful summarization and accurate reporting of transactions and other activities be provided at regular intervals. The policy goes on to dictate that internal control measures adopted by the ROC shall be based on proven principles that meet the stringent requirements of financial institutions and ratings agencies. Among these requirements are segregation of duties between those individuals entering into a transaction and those individuals responsible for settlement or monitoring of the

transaction; regular independent compliance reviews to make sure the Energy Risk Management Policies are being followed; and a requirement of active participation by senior executives in risk management processes.

Santa Clara then goes on to set trading authority limits for individuals in the organization and aggregate credit limits for any one counterparty. The electric utility director is authorized to enter into individual transactions for up to 100 MW (approximately one quarter of Santa Clara's peak load) for a period not to exceed one year or for an equivalent number of mwhrs to be delivered over a period not to exceed two years. All larger and longer-term transactions require City Council approval.

Palo Alto

Palo Alto requires that quarterly reports be provided to the City Council, ROC and Utilities Advisory Commission, which provide details of the City's forward purchases, market exposure, credit exposure, transaction compliance and other relevant data. Palo Alto addresses the transacting and control measures by assigning the functions of quantitative analysis, compliance reviews, credit administration and management reporting to a group defined as "middle office" and assigning the responsibility for setting counterparty credit limits to the ROC. The City Manager has the authority to purchase and sell wholesale energy commodities for terms up to three years under open purchase contracts and the Director of Utilities is granted the authority to negotiate for the purchase and sale of energy commodities with the purchase and sale authority subject to the signature authority limits defined in the Municipal Code (currently \$250,000 per year). Separately, the City Manager is authorized to enter into transactions under master agreements, the terms of which have been pre-approved by the city council, where the authorizing resolution specifies the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Roseville

Roseville specifies that reporting will be done on a weekly and monthly basis as follows:

Weekly Reports to the Risk Management Committee:

- Load and Resource Balance through the FY
- Fixed Price Energy Report
- Power Supply Cost Differential Report
- Credit Exposure by Counterparty
- Available Credit by Counterparty
- Roseville Liability by Counterparty
- Roseville Credit Available by Counterparty
- Collateral Changes
- Do Not trade Activity

Quarterly Reports to the Risk Oversight Committee

- Summary of Market and Load Changes
- Executed Transactions Summary
- Most recent weekly position report
- Most recent weekly credit report

The city manager and electric utility director are authorized to enter into qualified standard contracts where the maximum daily quantity does not exceed 50 MW's

(approximately one sixth of Roseville's peak load), has an expected dollar value of not more than \$40,000,000 and has a termination date that does not exceed five years. Roseville also establishes credit limits and minimum credit rating criteria for trading counterparties.

Discussion of reporting, transacting measures and controls

All three agencies require regular reporting. Both Palo Alto and Roseville require similar reports that detail forward purchases, market exposure and credit exposure and a statement of transaction compliance. Santa Clara does not specify the required reports in its policies, but it is known from discussions with Santa Clara staff that similar reports are provided to their ROC and RMC as are provided by Palo Alto and Roseville.

All three agencies also establish minimum counterparty credit rating levels, maximum credit exposure levels and maximum transaction level authorities for individuals within the respective organizations. As has been mentioned previously in this white paper, these three agencies initiate and execute transactions on their own account. Lodi on the other hand, typically executes transactions through NCPA. As a result, Lodi staff would typically be authorizing NCPA staff to enter into transactions on Lodi's behalf and those transactions would be subject to NCPA's risk management policies, credit limits and individual transaction authorization levels. NCPA and NCPA's counterparties would also need to have assurance that Lodi staff direction to NCPA to enter into a transaction on Lodi's behalf has been appropriately authorized by the City Council. That assurance is currently embodied in Resolution No. 2001 – 34 under which the City Manager and Electric Utility Director are authorized to approve energy purchase and sales transactions for a period up to ten (10) years. There are no limits on the dollar value of the purchases or sales or criteria specifying the credit requirements for counterparties. As a result, Resolution 2001 – 34 should be rescinded and replaced with a new authorizing resolution more reflective of the policies described above and Lodi should incorporate reporting, transacting and control measures that augment and incorporate risk management activities undertaken by NCPA on Lodi's behalf.

Suggested Lodi language for Reporting, Transacting Measures and Controls

Reporting

Quarterly reports shall be provided to the City Council, which provide details on the City's forward purchases, market exposure, credit exposure, transaction compliance and other relevant data.

Quarterly Reports shall include:

- Load and Resource balances as forecast and adopted in the current operating years budget
- Load and Resource balances as adjusted due to operating conditions or purchases occurring during the quarter
- An assessment of market exposure
- An assessment of the quarterly change in power supply cost from budget
- Credit Exposure by counterparty
- A summary of any purchases made during the quarter

- An assessment of any counterparty credit problems

Transaction Limits and Controls

For transactions executed on behalf of Lodi through NCPA, trade authorization levels, counterparty credit limits and minimum counterparty rating criteria shall be as described in NCPA's "Trade and Risk Management 1999 Interim Policies, Processes and Procedures (RMPP)", which are made a part of this document, and attached hereto.

Material changes to NCPA's RMPP shall be reported to the City Council as part of the quarterly reporting under Lodi's Energy Risk Management Policy.

For transactions executed on behalf of Lodi through NCPA, the City Manager and the Electric Utility Director shall have the authority to direct NCPA to enter into purchase agreements under authority granted by the City Council, by Resolution. The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Because NCPA cannot enter into agreements on behalf of pooling members for longer than one year, power supply contracts that have terms longer than one year, or that begin delivery more than one year into the future must be executed directly by Lodi.

For transactions executed directly by Lodi, the City Manager and the Electric Utility Director shall have the authority to enter into purchase agreements under authority granted by the City Council, by Resolution.

The Resolution shall specify the limits of the authority delegated, including the maximum dollar amount of the authority and the duration of the contracts and/or transactions that may be executed under the delegation of authority.

Any resolution delegating authority to the city manager to contract for electricity shall specify generally at least the following terms and conditions and the description of energy and energy services to be procured, including, but not limited to, on-peak and off-peak energy and ancillary services; term, specifying a not-to-exceed period of time; period of delivery denoted in years or months; and point of delivery on the locus on the interstate transmission system on which the delivery is made.

Any delegation of authority to contract for gas shall specify generally at least the following terms and conditions; quantity and the description of gas services to be procured, including but not limited to scheduled gas and gas transportation services, specifying a not-to exceed period of time; period of delivery denoted in years or months or years and months; and point of delivery of the locus on the interstate transmission system at which the transfer of title is made.

For contracts executed directly by the city, the City shall use standardized form contracts for the procurement of gas and electricity, as practicable, including, but not limited to form contracts created and copyrighted by the Edison Electric Institute, the Western States Power Pool, and the North American Energy Standards Board. Unless waived by

resolution of the City Council, a counterparty shall obtain and maintain during the term of the contract, the minimum credit rating established as of the date of award of the contract of not less than a BBB- credit rating established by Standard and Poor's and a Baa3 credit rating established by Moody's Investors Services.

All procurement of gas and electricity by contract shall conform to the requirements of the Energy Risk Management Policies.

Comparison of Compliance Criteria

Santa Clara

Santa Clara requires that exceptions to the policy be reported promptly and provides for independent review of activities as determined necessary.

Palo Alto

Palo Alto monitors all transactions to ensure compliance with Risk Management Policies and requires reporting of any exceptions.

Roseville

Exceptions to policy are required to be reported immediately. Willful acts of non-compliance may be cause for corrective action or dismissal. The Risk Oversight Committee may recommend an independent review of compliance if it deems it necessary or appropriate.

Suggested Lodi Language for Compliance Criteria

Compliance exceptions are actions which violate the authority limits, requirements or directives set forth in the Energy Risk Management Policy. All exceptions shall be reported immediately to the City Manager and quarterly to the City Council in the quarterly exception report.

Willful violations of the Energy Risk Management Policy will be subject to review and may be cause for discipline or dismissal.



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution authorizing the City Manager and Electric Utility Director to procure energy requirements through fiscal year 2007 at an amount not to exceed \$39.8 million (EUD)

MEETING DATE: January 18, 2006

PREPARED BY: Interim Electric Utility Director

RECOMMENDED ACTION: That the City Council authorize the City Manager and Electric Utility Director to procure energy required to meet load serving obligations of Lodi Electric through Fiscal Year 2007 in accordance with the City of Lodi Energy Risk Management Policies at an amount not to exceed \$39.8 million.

BACKGROUND INFORMATION: Issue: Lodi must procure wholesale energy in order to meet its load serving obligations to its customers for fiscal year 2007 and beyond. The amount of wholesale energy that must be procured ranges from 42% to 94% of Lodi's total load serving obligation. A load and resource balance (attachment 1) provides detail showing the sources of owned energy supply available to Lodi, the load serving obligation amounts and the remaining energy balances that must be procured from the market in order to meet the load serving obligation. The cost of procuring the wholesale energy (attachment 2) to meet Lodi's load serving obligation (the net short) shows the amount of energy required by month, the prices for that energy prevailing on January 5, 2006 and the resulting cost of procurement if all energy was to be procured at the January 5, 2006 prevailing price. As long as Lodi has a net open position, Lodi will be exposed to price risk associated with market volatility where prices are regularly rising and falling in the wholesale energy markets. To reduce Lodi's exposure to this price risk, the net open position must be reduced.

City Council was presented with an Energy Risk Management Policy (ERMP) as part of the agenda under which this purchase authorization is being requested. While the ERMP establishes the rules under which energy will be procured, it does not specify strategies for how that energy should be procured. As a result, staff again consulted with the agencies surveyed as part of the ERMP development to determine whether those agencies had developed any written policies or strategies for procurement. Both Palo Alto and Roseville have established written policies outside of their Risk Management Policies that prescribe target levels for the net open position over various time horizons. A comparison of those target levels is as follows:

APPROVED: _____
Blair King, City Manager

Roseville attempts to maintain a minimum portfolio of fixed price energy supply such that at any given time:

- 90% of expected energy requirements are covered 0 to 12 months out;
- 80% of expected energy requirements are covered 13 to 24 months out;
- 70% of expected energy requirements are covered 25 to 60 months out; and
- 30% of expected energy requirements are covered 61 to 120 months out

Palo Alto, similarly, has established two procurement strategies and has memorialized those strategies in documents entitled "Short-Term Electric Laddering Strategy" or STEAM and the "Long Term Electric Acquisition Plan Guidelines" or LEAP. The documents provide for the following general procurement practices:

- 80% to 120% of forecasted load requirements are covered 0 to 12 months out;
- 70% to 110% of forecasted load requirements are covered 13 to 24 months out; and
- 60% to 100% of forecasted load requirements are covered 25 to 36 months out

Palo Alto differs slightly from Roseville in that a substantial portion of their portfolio is hydro based, which can vary +/- 20% in any one year, and as a result, they provide for a target range as opposed to a target amount and take into consideration expected hydro production levels in making their procurement decisions within the approved ranges.

If Lodi were to immediately adopt policies similar to Roseville and Palo Alto, Lodi would need to procure virtually all of its net open position for the balance of 2006 and a large percentage of its net open position for 2007. Unlike, Roseville and Palo Alto which have been procuring under these policies for the last couple years when prices were significantly lower than currently prevailing prices, Lodi is in the position of having to procure large amounts of its energy portfolio at relatively high prices when compared to historical market prices.

As Lodi considers options for implementing a laddering strategy, and moving from a short-term implementation of that laddering strategy, to a longer-term implementation of that laddering strategy, advice from NCPA's economist may be instructive (attachment 3). Summarizing, NCPA indicates that prices for the 3rd quarter of 2006 have dropped significantly in the past week to close at \$95.50 per mwhr, may decline further in the next two weeks as a result of unseasonably warm weather across the US, but with a return to more typical winter temperatures could result in market price increases of 10% to 25%. As a result, NCPA is recommending that agencies should consider purchasing 20% to 50% of their remaining 2006 open position and more if a more favorable buying opportunity presents itself. Unfortunately, because of the large open position, and relatively small amount of savings available to absorb cost increases, Lodi must continue to look to close significantly larger portions of its net open position in order to protect its savings accounts and maintain rate stability to the degree possible.

To put the issue of market volatility into perspective, staff prepared an estimate (for budget purposes) of market purchase costs for fiscal year 2007 on November 28, 2005 utilizing market prices prevailing at that time (HLH = \$87.50/mwhr and LLH = \$65.00/mwhr) which translated into total estimated market procurement costs of \$25 million. While prices have come down as indicated above for the 3rd quarter of 2006, prices for the balance of fiscal year 2007 have increased since November 28, 2005 (HLH = \$92.20/mwhr and LLH = \$73.30/mwhr) which translates into a total market procurement cost of \$26.5 million - an increase of \$1.5 million or 6% of the market purchase budget or 3.3% of the total power supply budget.

Recommendation:

To begin reducing Lodi's exposure to this market volatility, staff is recommending procurement through NCPA of 80% to 90% of Lodi's net open position for the 3rd quarter of 2006 and 65% to 75% of Lodi's net open position for the 4th quarter of 2006. This will help to address the immediate issue associated with short-term volatility. The balance of fiscal year 2007, or 1st and 2nd quarters of 2007, will need to be procured through contracts executed directly by Lodi, and which, will have to be brought back to Council at a later date. Similarly, additional longer term resource procurement decisions which begin reducing open positions two and three years out, will establish further price certainty, and either allow Lodi to take advantage of decreasing prices in the future on the balance of Lodi's net open position or reduce Lodi's exposure to rising prices on the balance of the net open position.

To implement the initial laddering of purchases recommended above, staff recommends:

- The City Manager and Electric Utility Director be authorized to procure energy for fiscal year 2007 in the amounts of the net open position and at costs of up to 150% of costs of procurement of the net open position as estimated and shown on attachment 2.
- That NCPA be authorized to implement automatic purchases of the net open position for Q3 and Q4, in amounts specified by the City Manager or Electric Utility Director, should prices reach agreed upon thresholds and a net open position for the quarter remain.
- That the City Manager and the Electric Utility Director be authorized to direct NCPA to replace any amount of energy at currently prevailing prices in the event of a failure or disablement of any one of Lodi's owned resources.
- City staff report to council, in accordance with Energy Risk Management Policies, on the status and cost of purchases for fiscal year 2007.
- City staff, through the Risk Oversight Committee established as part of the Energy Risk Management Policies, continue to develop and refine a long term laddering strategy for energy procurement over the next 36 months.
- City Council rescind the procurement authorization granted to the City Manager and Electric Utility Director under Resolution No. 2001-246 and replace that authorization with the authority granted under the attached resolution.

FISCAL IMPACT: The total cost of procurement under the authorization requested is estimated at \$26.5 million based on market prices prevailing on January 5, 2006.

FUNDING: Costs associated with procurement under the authorization requested will be incurred when the energy is delivered, in fiscal year 2007. Council has not adopted a budget for fiscal year 2007 and as a result, funding has not yet been established. Ultimately, funding for this authorization will be supported by retail electricity sales, once the fiscal year 2007 budget is approved.

Ruby Paiste, Interim Finance Director

David Dockham
Interim Electric Utility Director

DD/lst

Attachments (4)

cc: City Attorney

Attachment 1 - FY 2007 Load and Resource Balance

Heavy Load Hours (HLH) - (On-Peak)

Resource (MWh)	July 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	March 07	April 07	May 07	June 07
Geothermal	5442.4	5636.7	5325.3	5636.7	5040.0	5383.8	5617.9	5122.6	4564.6	5517.6	5500.9	5325.3
Calaveras	5451.7	5451.7	5297.3	1862.3	1242.5	1356.8	2486.5	3235.7	4831.6	5743.1	7937.3	4216.5
CT #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STIG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seattle CL Ex.	7437.6	4710.5	7260.5	3630.2	-5500.0	-8287.6	-7916.7	-7600.1	-8550.1	-1937.5	0.0	7260.5
Western	1738.7	1577.4	1055.5	639.6	408.1	526.1	511.7	593.0	629.5	875.8	1391.2	1381.2
HLH Combined Purc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (On-Peak, MWh)	20070.4	17376.3	18938.6	11768.8	1190.6	-1020.9	699.3	1351.2	1475.6	10199.0	14829.3	18183.5
Total Load (On-Peak)	31144.9	34620.4	28358.6	24852.2	23833.4	23641.2	24748.7	22635.5	24603.2	24098.7	26441.6	29704.7
MWh, Surplus/(Deficit)	-11074.5	-17244.1	-9420.0	-13083.4	-22642.9	-24662.2	-24049.4	-21284.3	-23127.6	-13899.7	-11612.3	-11521.2
% of Load	-36%	-50%	-33%	-53%	-95%	-104%	-97%	-94%	-94%	-58%	-44%	-39%
Avg. MW (based on 400 hrs)	-27.7	-43.1	-23.6	-32.7	-56.6	-61.7	-60.1	-53.2	-57.8	-34.7	-29.0	-28.8

FY 2006-2007 Energy Balance

Light Load Hours (LLH) - (Off-Peak)

Resource (MWh)	July 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	March 07	April 07	May 07	June 07
Geothermal	4276.1	4081.8	4184.2	4081.8	4469.5	4230.2	4414.1	3864.4	3586.4	3678.4	4322.1	4184.2
Calaveras	887.5	887.5	1009.0	525.3	371.1	339.2	806.7	1045.4	1754.6	2489.7	2765.3	1546.4
CT #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STIG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seattle CL Ex.	1312.5	831.3	1281.3	640.6	-1833.3	-1462.5	-750.0	-750.0	-600.0	-123.3	0.0	1281.3
Western	431.6	394.4	263.9	159.9	102.0	175.4	287.8	363.5	385.8	536.8	794.8	782.4
LLH Combined Purc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (Off-Peak, MWh)	6907.8	6194.9	6738.3	5407.6	3109.3	3282.2	4758.6	4523.2	5126.8	6581.6	7882.2	7794.3
Total Load (Off-Peak)	18854.9	16969.3	16174.9	13871.6	13759.2	15032.1	13872.7	12247.2	13060.3	13930.4	14293.5	15183.2
MWh, Surplus/(Deficit)	-11947.1	-10774.4	-9436.5	-8464.0	-10649.9	-11749.9	-9114.1	-7724.0	-7933.5	-7348.9	-6411.2	-7389.0
% of Load	-63%	-63%	-58%	-61%	-77%	-78%	-66%	-63%	-61%	-53%	-45%	-49%
Avg. MW (based on 320 hrs)	-37.3	-33.7	-29.5	-26.5	-33.3	-36.7	-28.5	-24.1	-24.8	-23.0	-20.0	-23.1

Attachment 2 - Cost of Procuring Wholesale Energy at January 5, 2006 Prevailing Prices

Jan. 5, 2006

		Lodi Total			Lodi HLH			Lodi LLH			HLH		LLH	
		Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load	\$/MWH	\$/MWH		
2006	July	(23,022)	50,000	-46.0%	(11,075)	31,145	-35.6%	(11,947)	18,855	-63.4%	\$ 95.50	\$ 72.50	\$ 95.50	\$ 72.50
	August	(28,019)	51,590	-54.3%	(17,244)	34,620	-49.8%	(10,774)	16,969	-63.5%	\$ 95.50	\$ 72.50		
	September	(18,857)	44,534	-42.3%	(9,420)	28,359	-33.2%	(9,437)	16,175	-58.3%	\$ 95.50	\$ 72.50		
	October	(21,547)	38,724	-55.6%	(13,083)	24,852	-52.6%	(8,464)	13,872	-61.0%	\$ 91.75	\$ 75.50	\$ 91.75	\$ 75.50
	November	(33,293)	37,593	-88.6%	(22,643)	23,833	-95.0%	(10,650)	13,759	-77.4%	\$ 91.75	\$ 75.50		
	December	(36,412)	38,673	-94.2%	(24,662)	23,641	-104.3%	(11,750)	15,032	-78.2%	\$ 91.75	\$ 75.50		
2007	January	(33,164)	38,621	-85.9%	(20,099)	24,749	-81.2%	(13,064)	13,873	-94.2%	\$ 94.75	\$ 78.50	\$ 94.75	\$ 78.50
	February	(29,008)	34,883	-83.2%	(17,334)	22,636	-76.6%	(11,674)	12,247	-95.3%	\$ 94.75	\$ 78.50		
	March	(31,061)	37,664	-82.5%	(21,350)	24,603	-86.8%	(9,711)	13,060	-74.4%	\$ 94.75	\$ 78.50		
	April	(21,249)	38,029	-55.9%	(11,925)	24,099	-49.5%	(9,324)	13,930	-66.9%	\$ 87.75	\$ 65.81	\$ 85.17	\$ 63.88
	May	(18,024)	40,735	-44.2%	(11,612)	26,442	-43.9%	(6,411)	14,293	-44.9%	\$ 87.75	\$ 65.81		
	June	(18,910)	44,888	-42.1%	(11,521)	29,705	-38.8%	(7,389)	15,183	-48.7%	\$ 80.00	\$ 60.00		
	FY Total	(312,564)	495,933	-63.0%	(191,969)	318,683	-60.2%	(120,595)	177,249	-68.0%				

Assumptions: Zero STIG and CT1 generation.

Average hydro conditions for Calaveras Project, Western Base Resource, and market prices.

Forward electricity prices based on Jan. 5, 2006 TFS Energy indications.

There are no forward energy transactions for Lodi during this period.

INDICATED COST OF DEFICIT ENERGY BALANCES				
	Total Cost	HLH Cost	LLH Cost	
2006	July	\$ (1,923,781)	\$ (1,057,615)	\$ (866,166)
	August	\$ (2,427,955)	\$ (1,646,808)	\$ (781,147)
	September	\$ (1,583,761)	\$ (899,611)	\$ (684,150)
	October	\$ (1,839,434)	\$ (1,200,399)	\$ (639,035)
	November	\$ (2,881,551)	\$ (2,077,482)	\$ (804,069)
	December	\$ (3,149,864)	\$ (2,262,739)	\$ (887,125)
2007	January	\$ (2,929,955)	\$ (1,904,420)	\$ (1,025,534)
	February	\$ (2,558,835)	\$ (1,642,429)	\$ (916,406)
	March	\$ (2,785,232)	\$ (2,022,919)	\$ (762,313)
	April	\$ (1,660,023)	\$ (1,046,394)	\$ (613,629)
	May	\$ (1,440,919)	\$ (1,018,981)	\$ (421,938)
	June	\$ (1,365,033)	\$ (921,695)	\$ (443,338)
Total July-June		\$ (26,546,343)	\$ (17,701,494)	\$ (8,844,849)
SPOT net PURC. COST (est)				
\$/MWH (avg.)		\$ 84.9 /mwh	\$ 92.2 /mwh	\$ 73.3 /mwh

Attachment 3 – Reprint of NCPA Analysis on Market Purchase Opportunity

From: Mike Mace

Sent: Friday, January 06, 2006 3:51 PM

Subject: Possible Near-Term Buying Opportunity for both Natural Gas and Electricity

Possible Near-Term Buying Opportunity for both Natural Gas and Electricity

Natural gas prices continued their rapid decline yesterday in response to an unprecedented gas storage build of 1 Bcf according to the EIA. Expectations were for a withdrawal in the 50-60 Bcf range compared to a five year average withdrawal of 143 Bcf. Storage builds at this point in the winter are extremely rare and this week's number reflects the extraordinary warmer-than-normal conditions of recent weeks. While some industry analysts suggest that this week's storage number is erroneous, the EIA has announced that it does not plan to revise the number.

The decline in gas prices combined with recent regional precipitation has caused substantial reductions in forward electric prices for NP15 as well. More importantly, the near term forecast shows warmer than normal conditions persisting across the eastern half of the U.S. for the next 14 days. This should lead to further fundamental downward pressure on both natural gas prices and electricity prices for NP15. However, Risk Management Inc.'s (RMI) technical analysis suggests that the natural gas market is oversold and could possibly experience a sharp short covering rally in the next week. RMI expects the duration of such a rally to be brief.

NP15 peak period prices for Q3'06 dropped \$5/MWh yesterday to close at \$95.50/MWh. While this is a very high price, it is substantially lower than prices just two months ago. Forward natural gas prices for PG&E City gate for Q3'06 are now just under \$9/Mwh. Please see slide #1 in the attachment for a listing of yesterday's forward gas and electric prices for NP15.

With these fundamentals in place, it is possible that a favorable buying opportunity may arise in the next few weeks. Given that most expectations are for natural gas to average \$10/MMBtu for the remainder of 2006, any substantial retreat below \$9/MMBtu would present a relatively attractive buying opportunity for either gas or electricity for the remainder of 2006. A number of industry analysts feel that the "fair market" value for natural gas in 2006 is in the \$8-\$10/MMBtu range. Given the fundamental supply difficulties in the natural gas market, there is a high probability of continued price increases/volatility later in 2006.

Therefore given a sufficient drop in gas/electric prices, members may want to lock in forward prices at a "reasonable" range that provides protection against a repeat of the extreme/volatile prices experienced in Q3 & Q4 of last year. Please keep in mind that a favorable buying opportunity could be very brief as there is every expectation of a return to normal winter weather which could cause prices to rise by 10-25% from current levels.

Member utilities may want to consider purchasing 20-50% of their remaining 2006/Q1'07 power/gas requirements if the price opportunity presents itself. Obviously, a more significant price retreat would suggest purchasing a larger percentage. Beyond January, the next favorable buying opportunity could take place later this spring.

If you have any questions or comments, please feel free to contact me.

Michael W. Mace
Economist
Northern California Power Agency

NP15 Forward Wholesale Electric Prices

(as of 1/5/06)

NP15 1/5/2006		Electric Prices ----->				Gas Prices ----->			Generation Costs	
		HLH	LLH *	Baseload	SuperPk**	1/5/2006 NYMEX	1/5/2006 Basis	PG&E CG	STIG	CT
FEB	Bid	\$75.50	\$57.50	\$67.76						
	Offer	\$77.00	\$59.50	\$69.48	\$77.17	\$9.50	(\$1.10)	\$8.40	\$80.00	\$136.38
MAR	Bid	\$74.50	\$55.25	\$66.22						
	Offer	\$76.50	\$58.25	\$68.65	\$76.81	\$9.60	(\$1.08)	\$8.52	\$81.08	\$138.18
Q2 06	Bid	\$72.25	\$45.75	\$60.86						
	Offer	\$74.25	\$48.75	\$63.29	\$76.11	\$9.30	(\$0.83)	\$8.47	\$80.63	\$137.43
Q3 06	Bid	\$93.50	\$70.50	\$83.61						
	Offer	\$95.50	\$72.50	\$85.61	\$110.78	\$9.43	(\$0.45)	\$8.98	\$85.22	\$145.08
Q4 06	Bid	\$89.75	\$73.00	\$82.55						
	Offer	\$91.75	\$75.50	\$84.76	\$94.32	\$10.13	(\$0.73)	\$9.40	\$89.00	\$151.38
Q1 07	Bid	\$92.75	\$76.50	\$85.76						
	Offer	\$94.75	\$78.50	\$87.76	\$95.13	\$11.13	(\$0.75)	\$10.38	\$97.82	\$166.08
YR 07	Bid	\$85.75	\$65.50	\$77.04						
	Offer	\$87.75	\$66.75	\$78.72	\$113.80	\$9.73	(\$0.52)	\$9.21	\$87.29	\$148.53
YR 08	Bid	\$80.00	\$59.75	\$71.29						
	Offer	\$82.00	\$61.75	\$73.29	\$106.34	\$9.19	(\$0.42)	\$8.77	\$83.33	\$141.93
YR 09	Bid	\$75.75	\$53.75	\$66.29						
	Offer	\$77.75	\$56.75	\$68.72	\$100.83	\$8.67	(\$0.39)	\$8.28	\$78.92	\$134.58
YR 10	Bid	\$73.00	\$50.75	\$63.43						
	Offer	\$74.00	\$52.75	\$64.86	\$95.97	\$8.24	(\$0.36)	\$7.88	\$75.32	\$128.58

****Defined as HE13-HE20, annual values represent Q3**

EIA Withdrawal Statistics – U.S. Lower 48

Injections (Withdrawals)

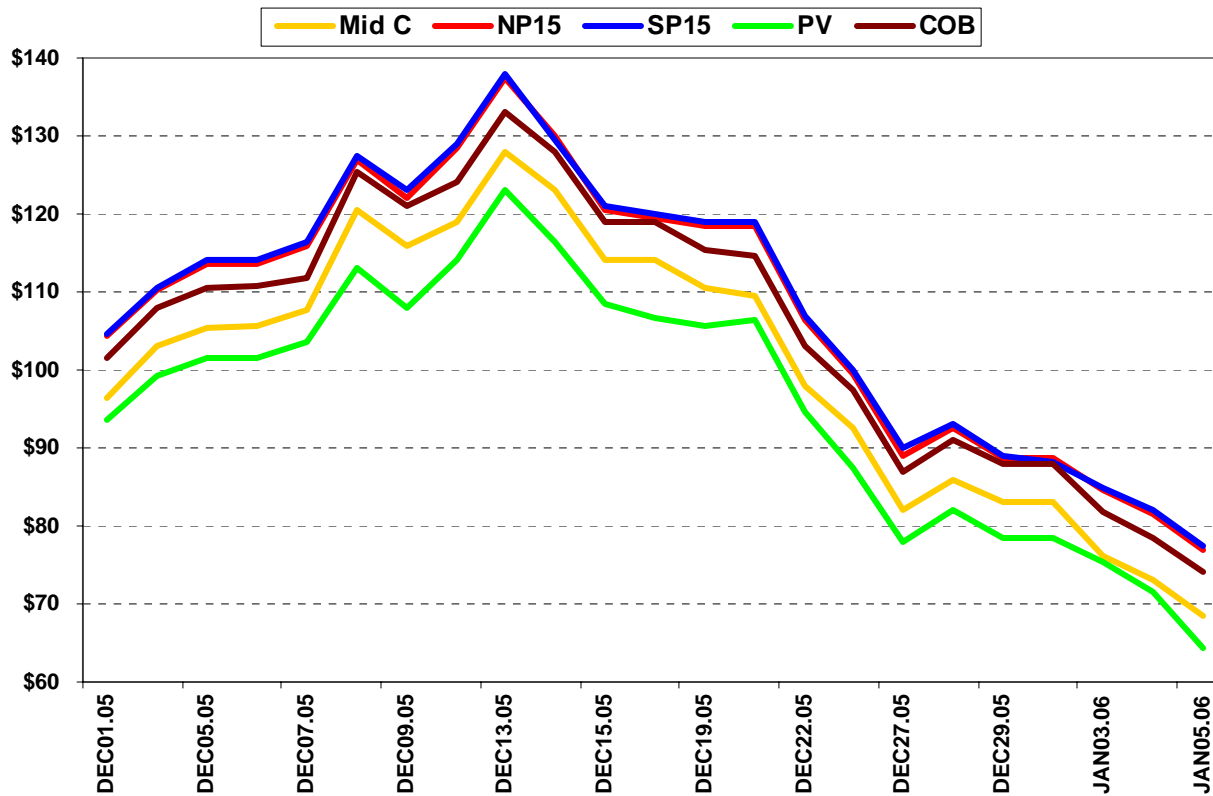
	00/01	01/02	02/03	03/04	04/05	5 Yr. Avg.	05/06
3-Nov	35	20	(27)	34	44	21	61
10-Nov	(4)	35	(48)	32	34	10	53
17-Nov	(90)	33	(1)	(32)	(6)	(19)	(8)
24-Nov	(148)	30	(49)	(1)	(17)	(37)	(49)
1-Dec	(73)	4	(91)	(59)	(5)	(45)	(59)
8-Dec	(147)	(17)	(162)	(111)	(88)	(105)	(202)
15-Dec	(147)	(42)	(159)	(134)	(61)	(109)	(162)
22-Dec	(167)	(80)	(95)	(151)	(123)	(123)	(162)
29-Dec	(208)	(126)	(123)	(80)	(178)	(143)	1
5-Jan	(154)	(199)	(86)	(52)	(151)	(128)	
12-Jan	(86)	(128)	(136)	(153)	(88)	(118)	
19-Jan	(73)	(118)	(219)	(156)	(110)	(135)	
26-Jan	(119)	(106)	(247)	(195)	(230)	(179)	
2-Feb	(95)	(75)	(208)	(236)	(188)	(160)	
9-Feb	(87)	(174)	(150)	(224)	(176)	(162)	
16-Feb	(76)	(126)	(203)	(172)	(98)	(135)	
23-Feb	(109)	(74)	(154)	(164)	(88)	(118)	
2-Mar	(72)	(145)	(176)	(96)	(107)	(119)	
9-Mar	(76)	(117)	(117)	(28)	(139)	(95)	
16-Mar	(18)	(92)	(85)	(46)	(95)	(67)	
23-Mar	(3)	(75)	7	(65)	(89)	(45)	
30-Mar	(58)	(61)	37	(18)	(59)	(32)	

Storage Level (BCF)

	00/01	01/02	02/03	03/04	04/05	5 Yr. Avg.	05/06
	2748	3,152	3,145	3,155	3,293	3,099	3,229
	2,744	3,187	3,097	3,187	3,327	3,108	3,282
	2,654	3,220	3,096	3,155	3,321	3,089	3,274
	2,506	3,250	3,047	3,154	3,304	3,052	3,225
	2,434	3,254	2,956	3,095	3,299	3,008	3,166
	2,287	3,237	2,794	2,984	3,211	2,903	2,964
	2,140	3,195	2,635	2,850	3,150	2,794	2,802
	1,973	3,115	2,540	2,699	3,027	2,671	2,640
	1,765	2,989	2,417	2,619	2,849	2,528	2,641
	1,611	2,790	2,331	2,567	2,698	2,399	
	1,525	2,662	2,195	2,414	2,610	2,281	
	1,452	2,544	1,976	2,258	2,500	2,146	
	1,333	2,438	1,729	2,063	2,270	1,967	
	1,238	2,364	1,521	1,827	2,082	1,806	
	1,151	2,190	1,371	1,603	1,906	1,644	
	1,075	2,064	1,168	1,431	1,808	1,509	
	966	1,990	1,014	1,267	1,720	1,391	
	894	1,845	838	1,171	1,613	1,272	
	817	1,728	721	1,143	1,474	1,177	
	799	1,636	636	1,097	1,379	1,109	
	796	1,561	643	1,032	1,290	1,064	
	738	1,500	680	1,014	1,231	1,033	

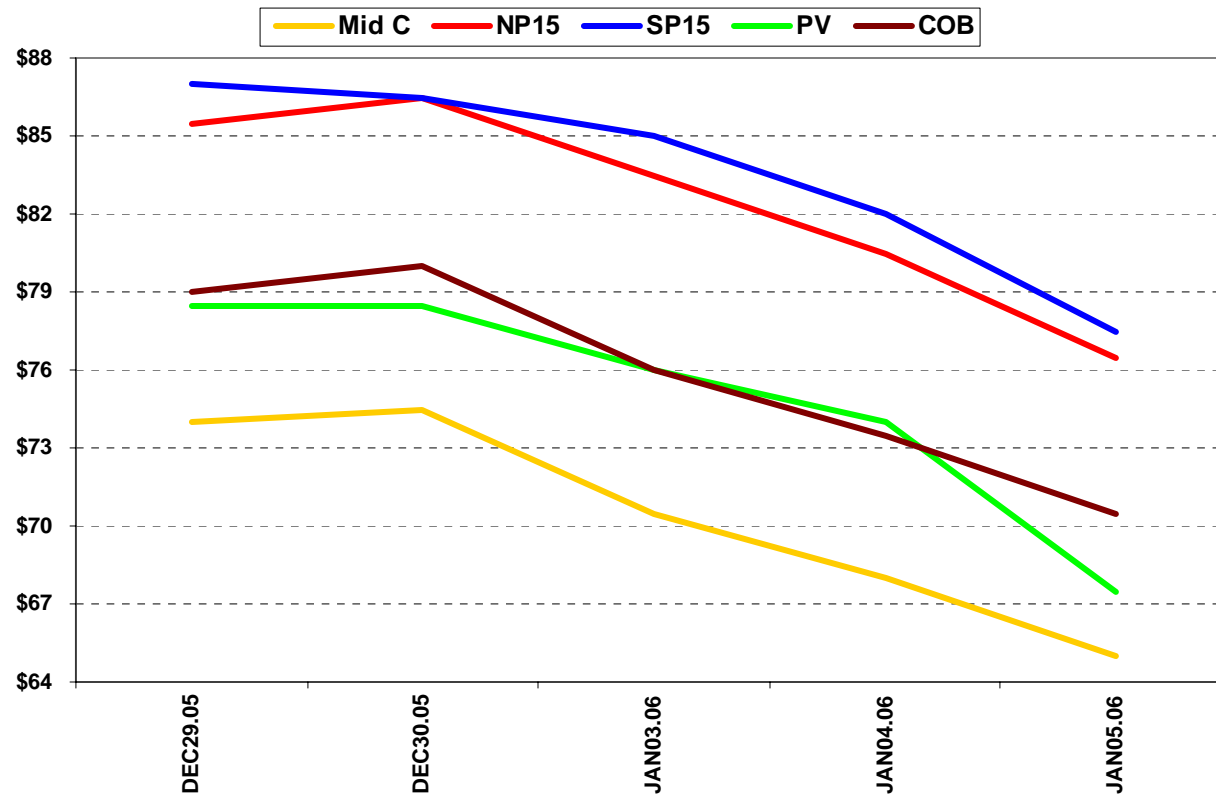
NP15 Forward Prices – Feb'06

(Peak period quotes)



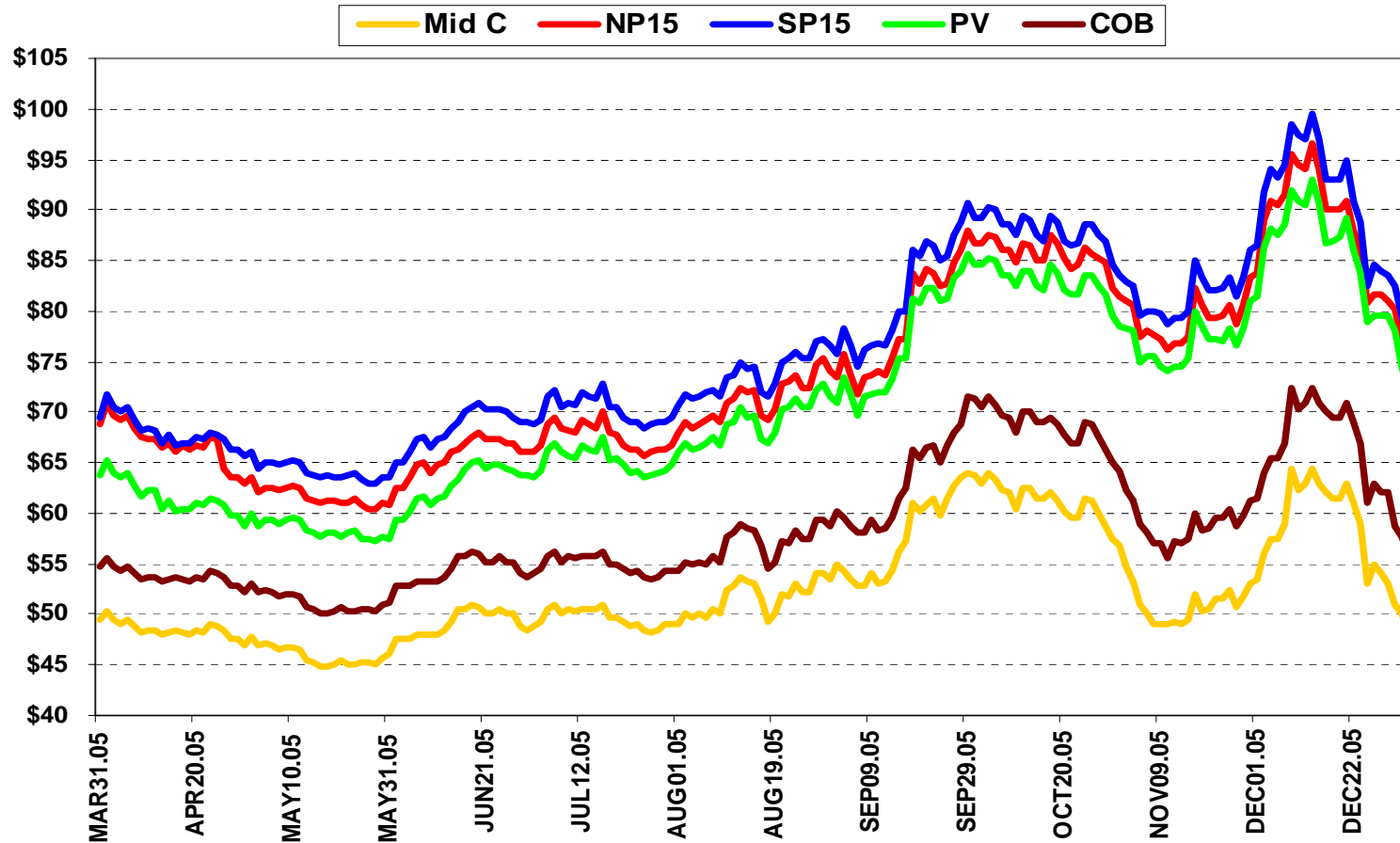
NP15 Forward Prices – Mar'06

(Peak period quotes)



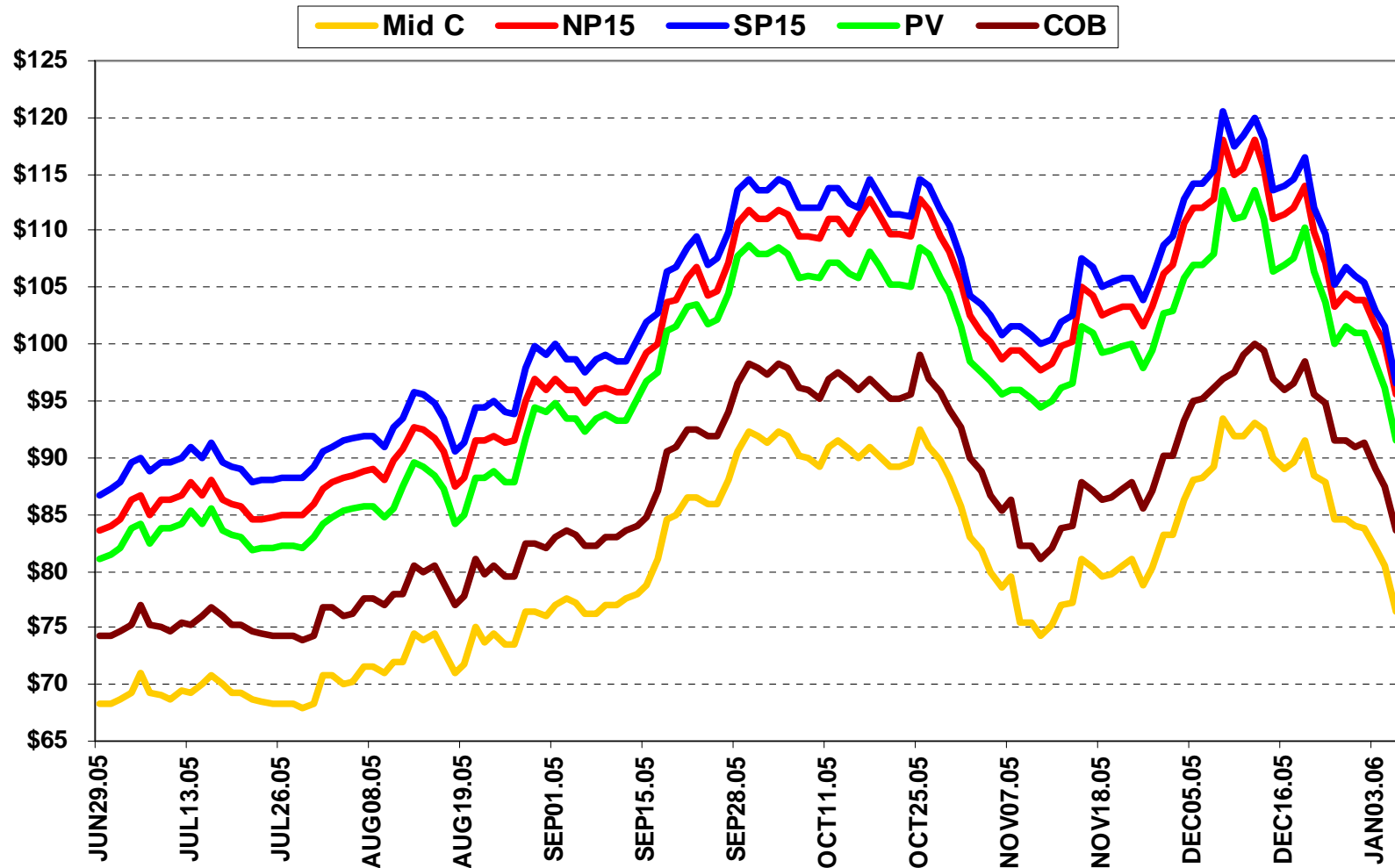
NP15 Forward Prices – Q2'06

(Peak period quotes)



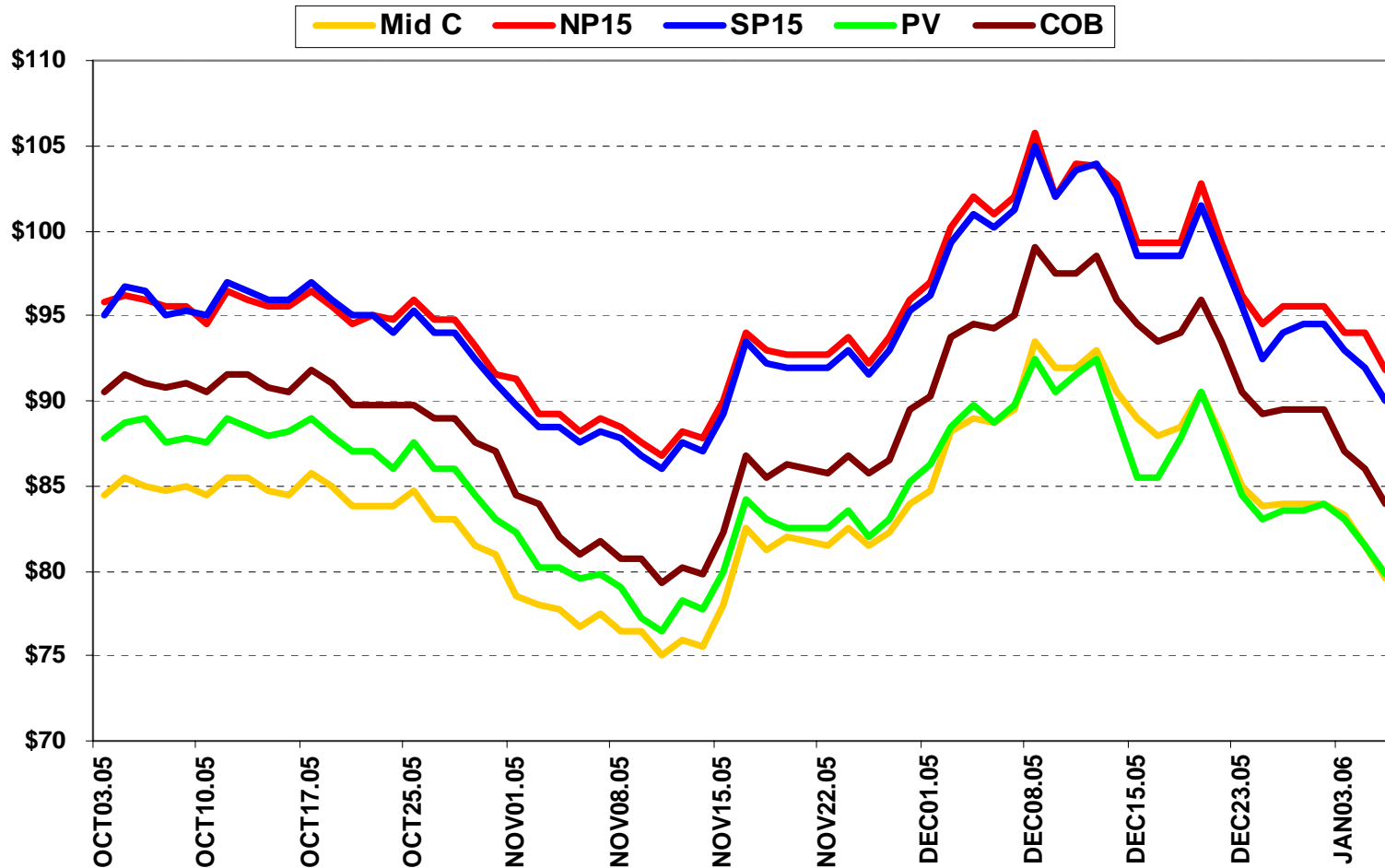
NP15 Forward Prices – Q3'06

(Peak period quotes)



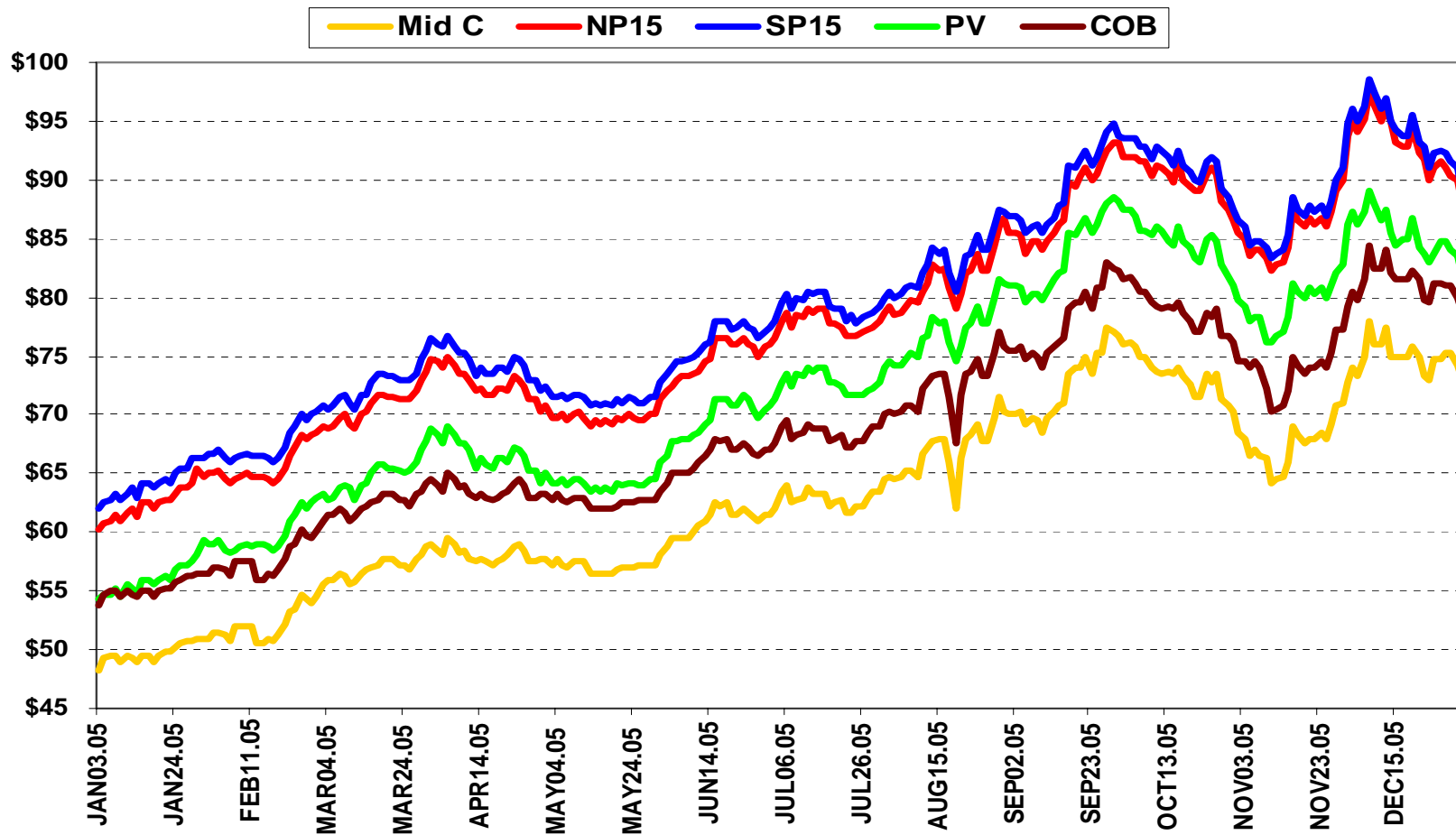
NP15 Forward Prices – Q4'06

(Peak period quotes)

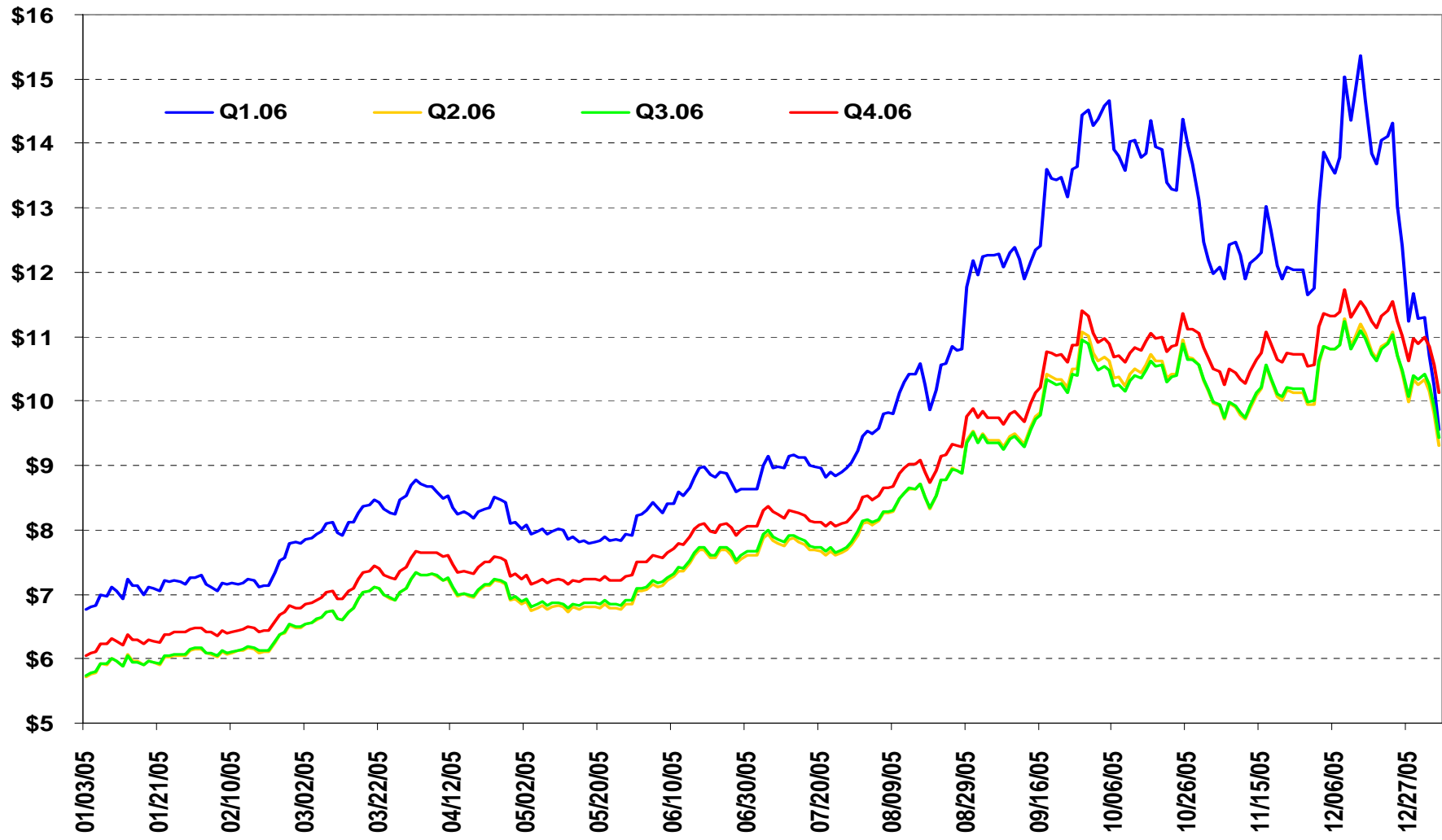


NP15 Forward Prices – CY'07

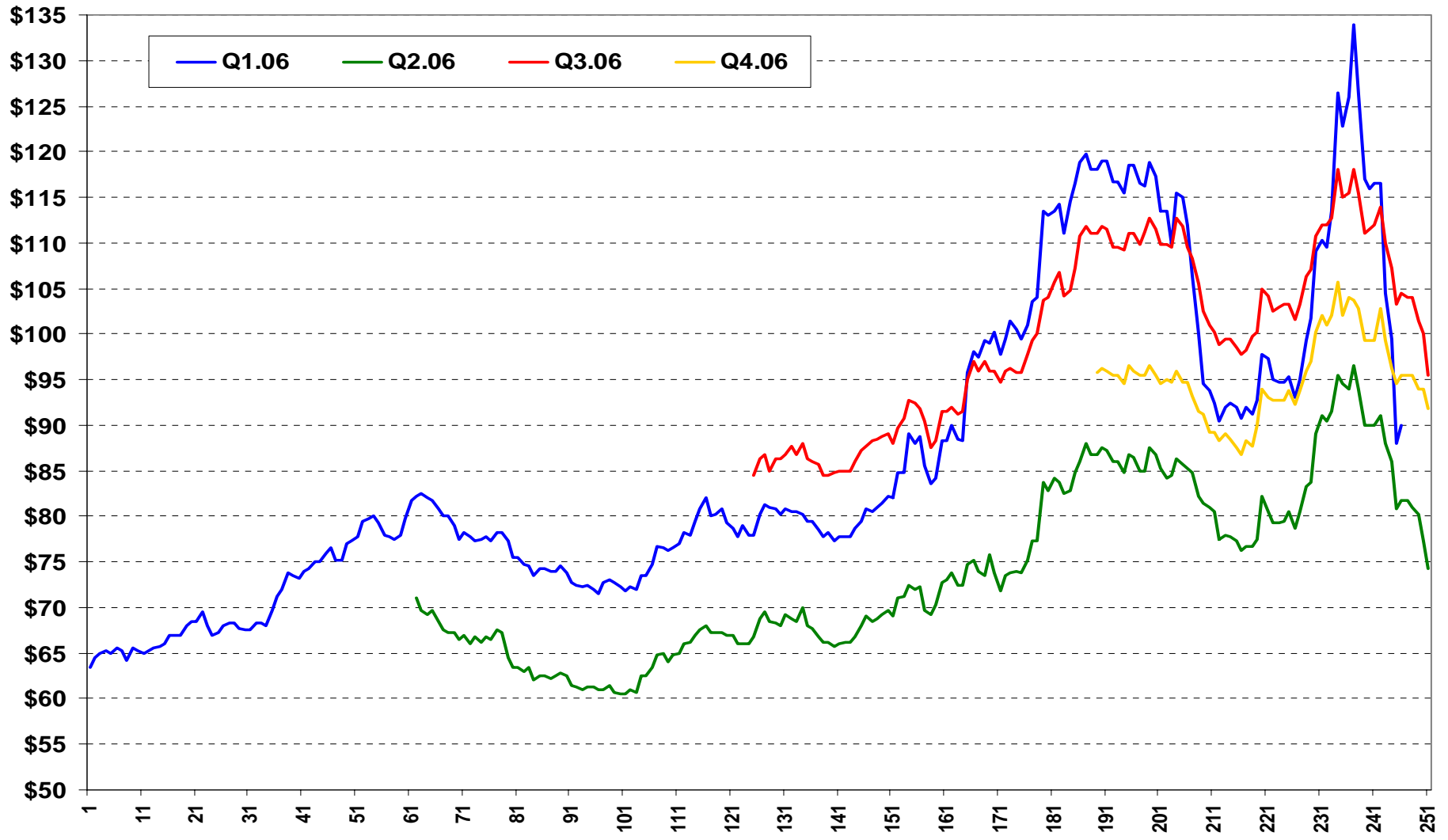
(Peak period quotes)



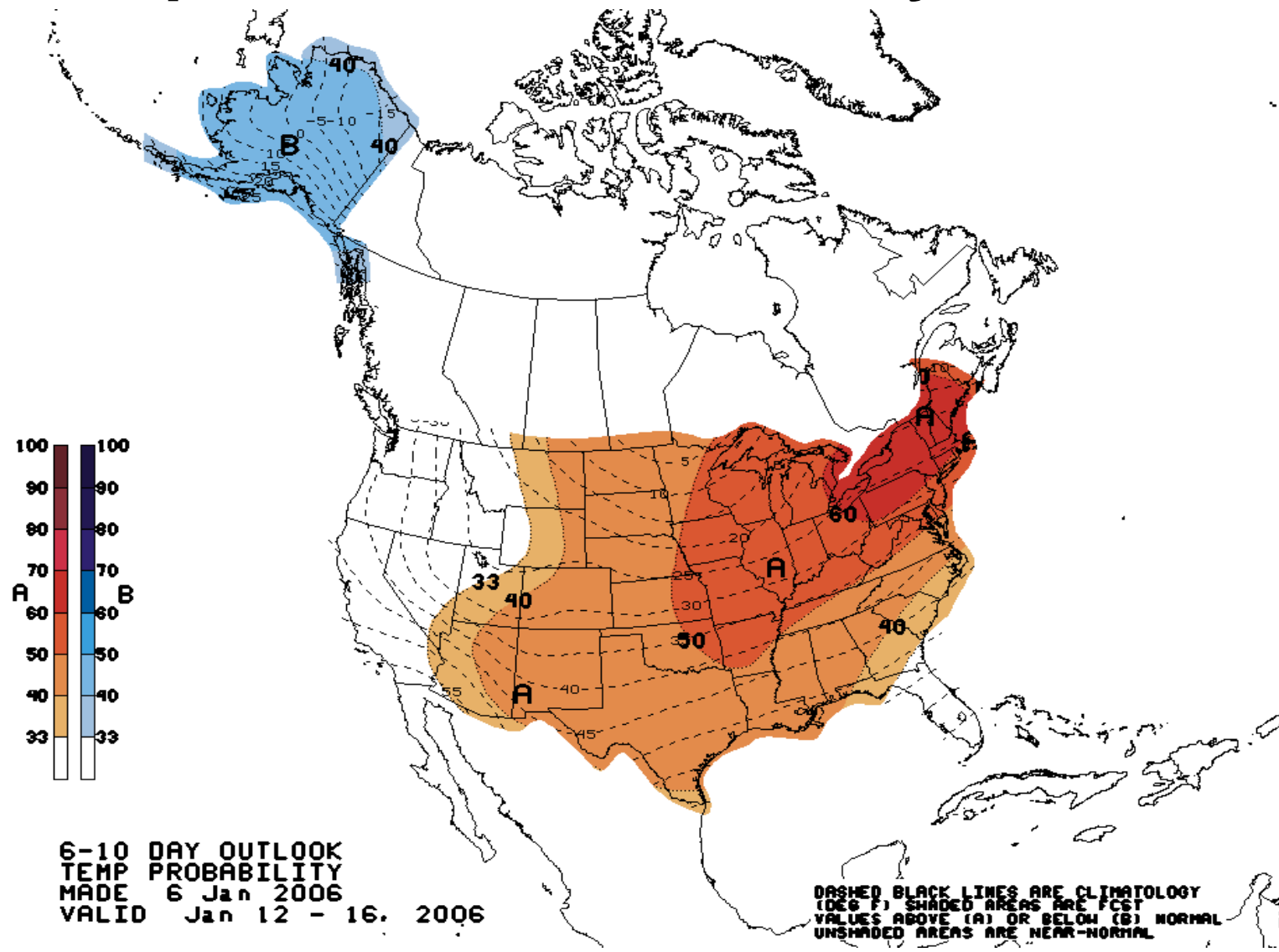
Forward NYMEX Gas Prices by Qtr



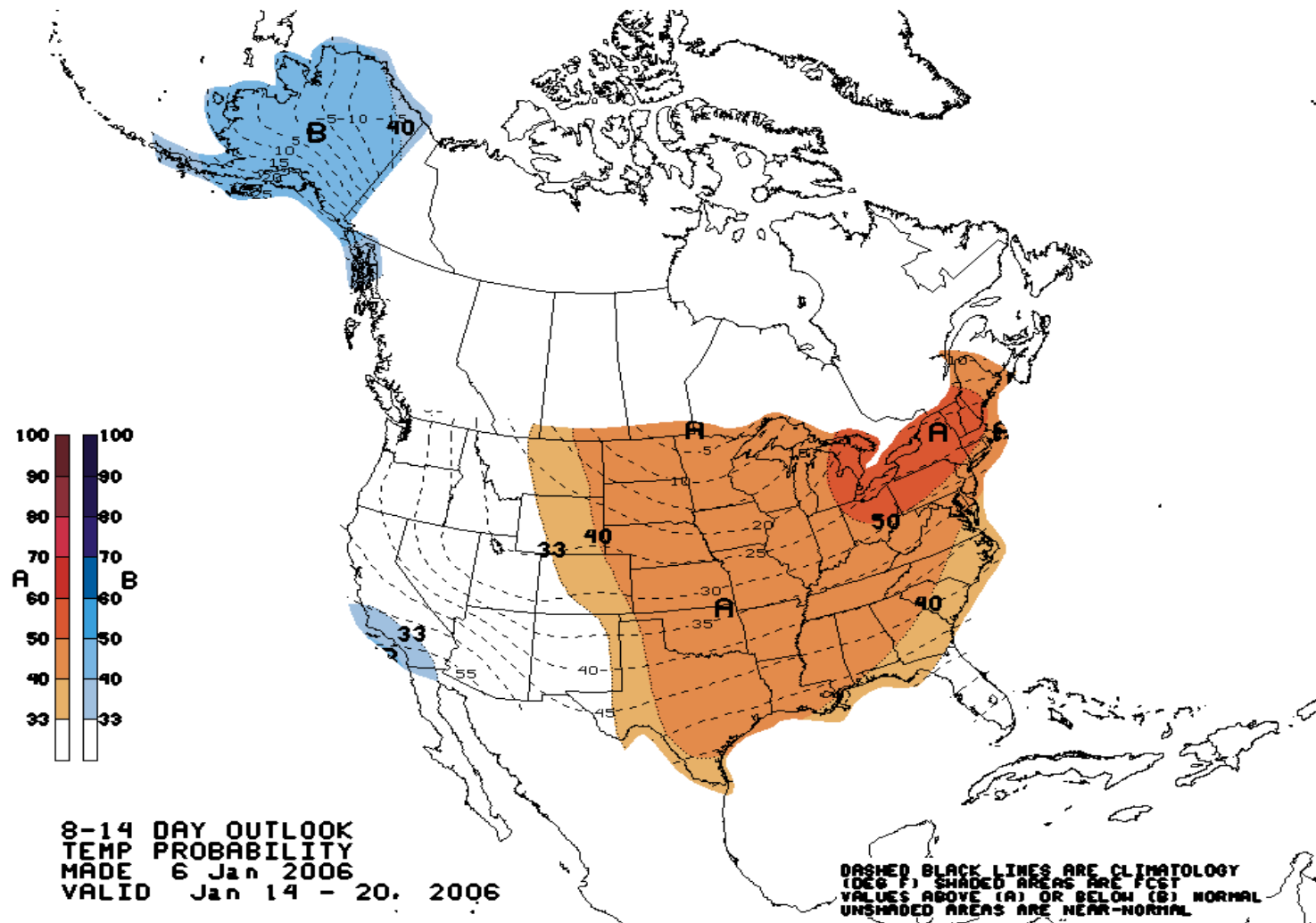
Forward NP15 Peak Period Electric Prices



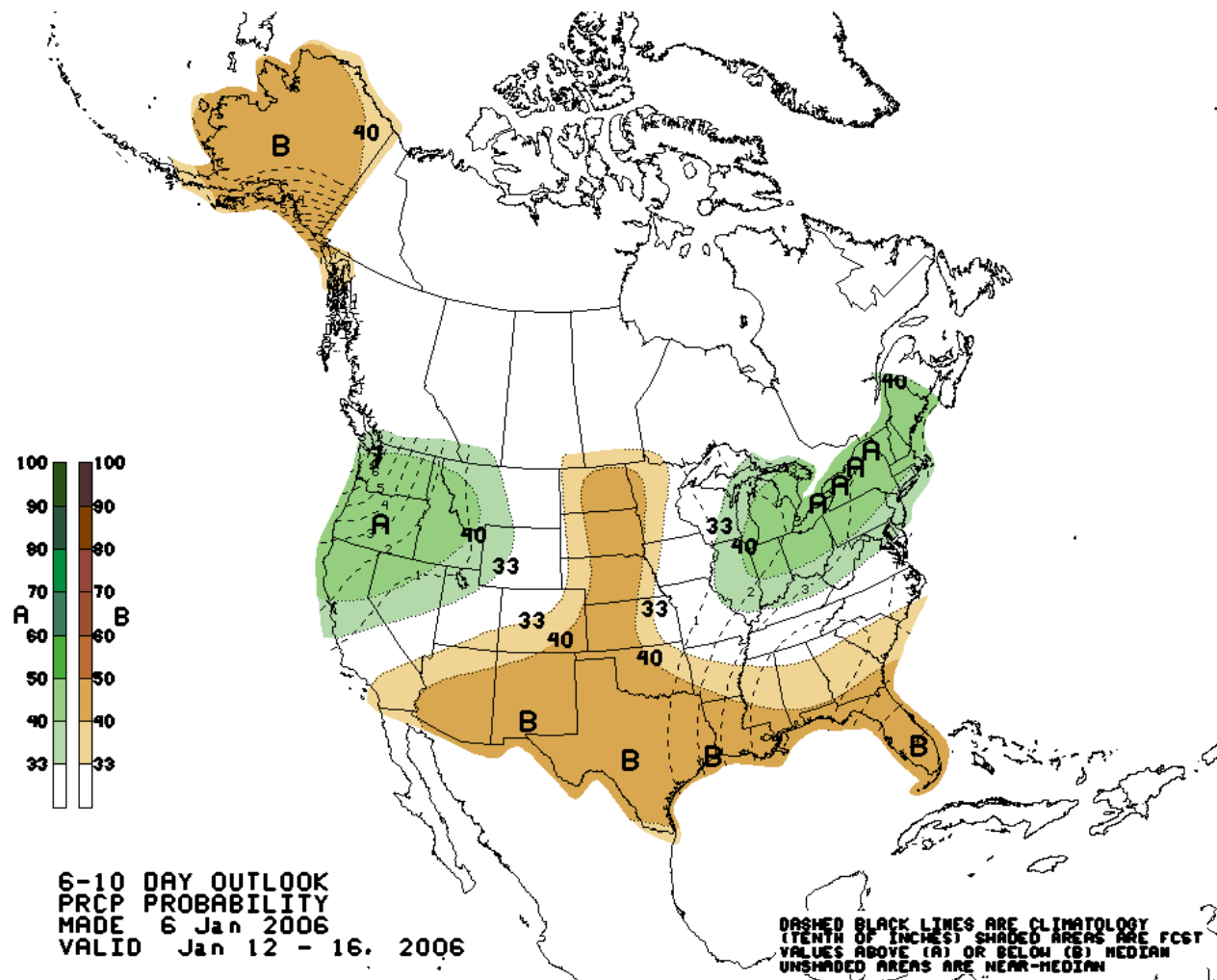
Temperatures – 6 to 10 Day Outlook



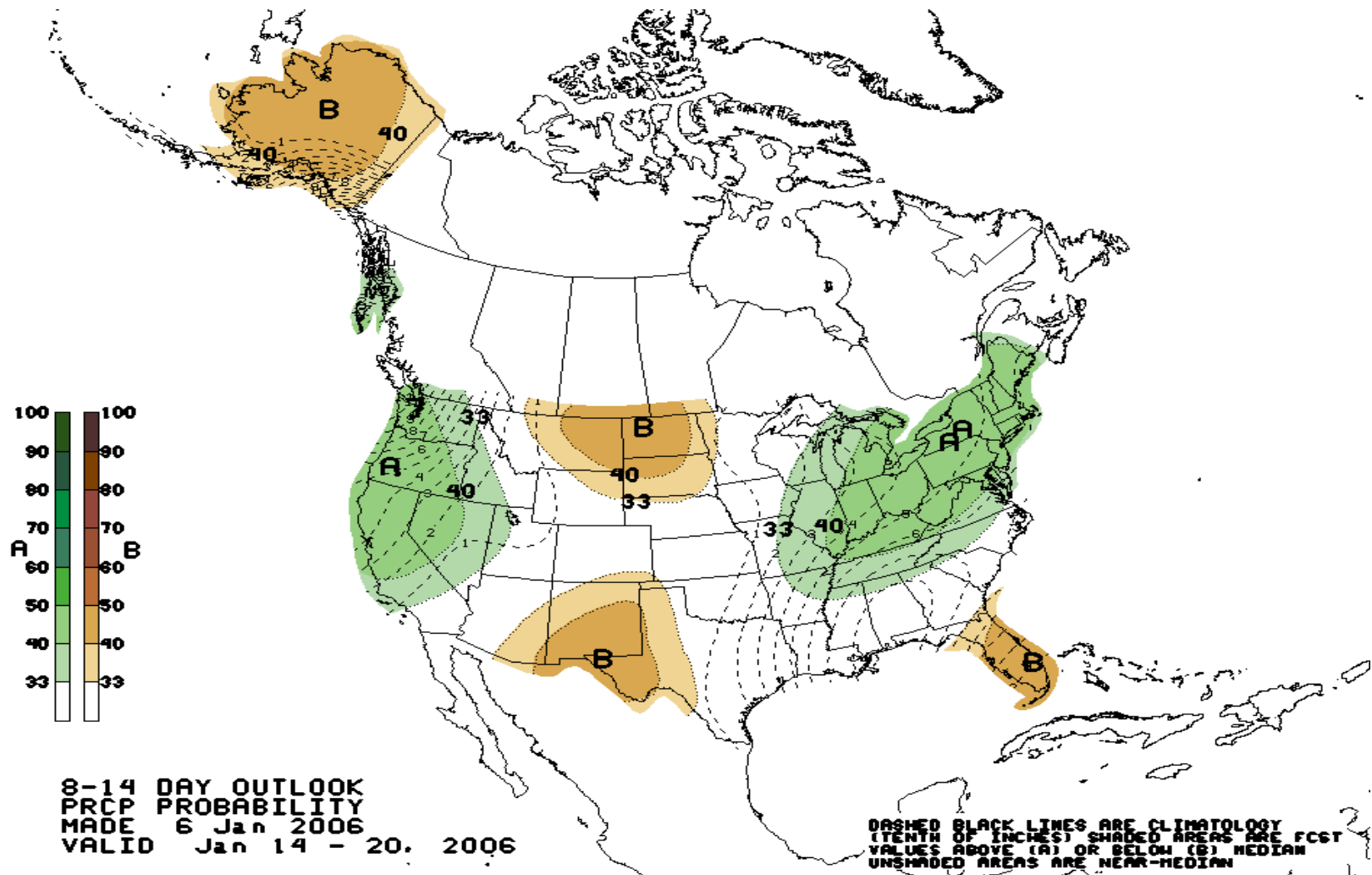
Temperatures – 8 to 14 Day Outlook



Precipitation – 6 to 10 Day Outlook



Precipitation – 8 to 14 Day Outlook



RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER AND ELECTRIC
UTILITY DIRECTOR TO PROCURE ENERGY
AND DIRECTING STAFF TO DEVELOP A
PROCUREMENT POLICIES

=====

WHEREAS, the City of Lodi must procure wholesale energy in order to meet its load serving obligations to its customers for fiscal year 2007 and beyond, with the amount of wholesale energy that must be procured ranging from 42% to 94% of Lodi's total load serving obligation; and

WHEREAS, to begin reducing Lodi's exposure to this market volatility, staff recommends procurement through NCPA of 80% to 90% of Lodi's net open position for the 3rd quarter of 2006 and 65% to 75% of Lodi's net open position for the 4th quarter of 2006, and this will help to address the immediate issue associated with short-term volatility; and

WHEREAS, staff further recommends that the balance of fiscal year 2007, or 1st and 2nd quarters of 2007, will need to be procured through contracts executed directly by the City of Lodi which will be brought before the City Council for approval at a later date; and

WHEREAS, similarly, additional longer term resource procurement decisions which begin reducing open positions two and three years out, will establish further price certainty, and either allow Lodi to take advantage of decreasing prices in the future on the balance of Lodi's net open position or reduce Lodi's exposure to rising prices on the balance of the net open position; and

NOW, THEREFORE, BE IT RESOLVED, by the Lodi City Council that:

- The City Manager and Electric Utility Director are hereby authorized to procure energy for fiscal year 2007 in the amounts of the net open position and at costs of up to 150% of costs of procurement of the net open position as estimated and shown on attachment 2.
- That NCPA is authorized to implement automatic purchases of the net open position for Q3 and Q4 of 2006, in amounts specified by the City Manager or Electric Utility Director, should prices reach thresholds established by the City Manager or Electric Utility Director and a net open position for the quarter remain.
- That the City Manager and the Electric Utility Director are hereby authorized to direct NCPA to replace any amount of energy at currently prevailing prices in the event of a failure or disablement of any one of Lodi's owned resources.
- City staff shall report to Council, in accordance with Energy Risk Management Policies, on the status and cost of purchases for fiscal year 2007.

- City staff, through the Risk Oversight Committee established as part of the Energy Risk Management Policies, shall continue to develop and refine a long term laddering strategy for energy procurement over the next 36 months.
- City Council hereby rescinds any previous procurement authorization granted to the City Manager and/or Electric Utility Director, including but not limited to Resolution No. 2001-246 and replaces those authorizations with the authority granted under this Resolution.

NOW THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize the City Manager and Electric Utility Director to procure energy required to meet load-serving obligations of Lodi Electric through Fiscal Year 2007 in accordance with the City of Lodi Energy Risk Management Policies.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Consider Resolution authorizing the City Manager to enter into: 1) a Blue Shield/Reynolds Ranch Annexation Application Reimbursement Agreement; and 2) a contract with Willdan to provide engineering/planning support services for a General Plan Amendment, Pre-Zoning, Master Plan/Development Plan, Annexation, and Environmental Impact Report for an approximate 220 acre area up to a half mile south of Harney Lane between State Route 99 and the Union Pacific Railroad for a 20 acre Blue Shield office, an approximate 41 acre regional/community shopping center and approximately 134 acres of residential uses at a variety of densities and types with a potential 10 acre school site, 29 acres of open space and a 1 acre fire station

MEETING DATE: January 18, 2006

PREPARED BY: Randy Hatch, Community Development Director

RECOMMENDED ACTION: Consider Resolution authorizing the City Manager to enter into 1) a Blue Shield/Reynolds Ranch Annexation Application Reimbursement Agreement; and 2) a contract with Willdan to provide engineering/planning support services for a General Plan Amendment, Pre-Zoning, Master Plan/Development Plan, Annexation, and Environmental Impact Report for an approximate 220 acre area up to a half mile south of Harney Lane between State Route 99 and the Union Pacific Railroad.

BACKGROUND INFORMATION: The current General Plan designates the area one half mile south of Harney Lane between State Route 99 and just west of Lower Sacramento Road as Planned Residential Reserve (PRR). According to the General Plan, these PRR areas "are well suited for residential development, but are not expected to develop within the time frame of the General Plan 2007." The City is now at the end of the time frame of the General Plan 2007. The process to prepare an updated General Plan has begun. The first expected development as part of this proposal (Blue Shield office) is projected to start construction in fall 2006 with completion in summer-fall 2007, complying with the time frame of the current General Plan. The City, therefore, is now at the point that the current General Plan expected development to be considered for this area. Further, this geographic area is within the LAFCO approved "Sphere of Influence" which is a necessary pre-condition to consider annexation and development.

REQUEST: The Developer requests that the City Council authorize the City Manager to enter into two agreements to allow the Blue Shield/Reynolds Ranch proposal to be evaluated for possible approval. The major steps being requested are: a General Plan Amendment; Pre-Zoning; Master Plan for the entire 220 acre area covering general land uses and basic infrastructure planning for roads, sewer, water, drainage, utilities, etc.; Development Plan for the office, retail, and fire station portion of the proposal; annexation of the entire 220 acre site; and an Environmental Impact Report. Should Council approve this agreement the development agreement for this proposal would be prepared and submitted for consideration shortly. A development plan for the residential, park and potential school uses will be

APPROVED: _____
Blair King, City Manager

prepared and submitted as a separate subsequent proposal for consideration. A summary fact sheet and a project description with project site map is attached.

The proposed Reimbursement Agreement and proposal from Willdan to provide engineering and support services for this project are attached. Staff has been in discussions with the project applicant about this proposal and has determined that given the scope, detail and time frame consultant assistance is required to provide a thorough, complete and professional review and evaluation of this proposal. Staff requested proposals for such assistance from four qualified consultant firms. Two responsive proposals were received and staff found Willdan's proposal to be the most complete and thorough and at the lowest cost (\$323,400.00).

Staff has negotiated the proposed reimbursement agreement with the applicant. This agreement will assure the applicant pays for the full costs of processing and evaluating the proposed project. Costs to be paid for by the applicant include Willdan's fees for services, all City application fees, LAFCO fees, payment for time devoted by staff in the Community Development, Public Works, and City Attorney offices as well as required notices, postings, maps, etc.

GENERAL PLAN UPDATE: The City is at the beginning of the General Plan update. Staff is of the opinion based on Council discussion and the work of the Greenbelt Task Force, that the area one half mile south of Harney Lane between State Route 99 and just west of Lower Sacramento Road represents the final developable area on the City's southern side. This proposed development would not conflict with that effort and, in fact, would define how the City's southern development would interface with the expected greenbelt/community separator area. This could be achieved through the use of Site Plan Design, infrastructure planning, architecture, greenbelt separators and open space. Staff would suggest that the area south of Harney Lane between State Route 99 and just west of Lower Sacramento Road is somewhat defined in terms of broad policy direction and therefore is the only area outside the City limits that staff would support planning studies be undertaken prior to the completion of the General Plan Update.

IMPLICATIONS OF COUNCIL APPROVAL/NEXT STEPS: Council approval to authorize the City Manager to execute the Reimbursement Agreement and contract with Willdan does not commit the Council to approve the requested project. Council authorization for the Reimbursement Agreement and consultant contract does direct staff to begin the process to evaluate the proposal and does represent a commitment of staff time to coordinate and evaluate the work of Willdan in its review and evaluation of this proposed project. The Council continues to have full opportunity to deny or approve the project at the subsequent Council Public Hearings. If Council does authorize the execution of the Reimbursement Agreement and contract with Willdan, on January 18, 2006 staff will move forward immediately on the project. To meet the timeline, staff expects to release the Notice of Preparation (NOP) of an EIR on Friday January 20, 2006.

FISCAL IMPACT: All costs associated with this proposal will be paid by the applicant. There will be no impact to the General Fund. Staff will closely track expenses and time to fully reimburse the City. Some of the work done as part of this project is expected to feed into the City's efforts on its General Plan Update.

FUNDING AVAILABLE: None required

Randy Hatch
Community Development Director

RH/kjc
Attachments

Blue Shield/Reynolds Ranch Project

Office (Blue Shield):

Acreage: Approximately 20 Ac

Size of Building:

Sq. Ft.: 160,000 square feet initially and 200,000 sq. ft. over time. They are also considering getting entitlements to build an additional 250,000 sq. ft. of office space for a total of 450,000 sq. ft.

Height and stories:	Blue Shield Bldg. = 2 Stories
Comparison for Building Size:	Blue Shield Footprint expected to be approximately 75,000 - 100,000 square feet

Photo of the El Dorado Hills facility: See Attached

Number of Blue Shield Employees (and in what phases): Phase I - 1,000
Phase II - 600
Total: 1,600

Wage ranges for the jobs: Average wage is approximately \$12.00

Estimated construction/development costs: Building construction approximately \$150/square foot - approximately \$22,500,000 - 30,000,000

Annual property tax based upon 18% of the 1% of assessed valuation:
\$40,500 - \$54,000

Commercial:

Acreage: Approximately 41 acres

Number of Buildings: One 100,000 square foot building and one 150,000 square foot building each on its own 20+ acre parcel

Major tenants not in the Lodi Market: Costco, Home Depot, Kohls

Estimated construction/development costs for typical tilt up constructions: \$60 / sq. ft.
100,000 sq. ft. bldg. = 6,000,000 150,000 sq. ft. bldg. = 9,000,000

Annual property tax based upon 18% of the 1% of assessed valuation:
100,000 sq. ft. bldg. = \$10,800 150,000 sq. ft. bldg. = \$16,200

Sales Tax: Sales Tax will range between \$300,000 - \$500,000 annually per major tenant depending upon tenant. Two major tenants will produce approximately \$600,000 - \$1 million annually, plus up to \$500,000 annually from additional out pads.

Residential:

Acreage: 140+ acres of residential including park and public uses

Possible number of housing units:

Senior High Density	3 Ac. @ 20.1-30 du/ac. = Approximately 51 - 76 Dwelling Units (Without any density bonuses)
Senior Medium Density:	12 Ac. @ 7.1-20 du/ac. = Approximately 73 - 204 Dwelling Units (Without any density bonuses)
High Density Residential:	8 Ac. @ 20.1-30 du/ac. = Approximately 12 - 204 Dwelling Units
Medium Density Residential:	35.5 Ac. @ 7.1-20 du/ac. = Approximately 214 - 603 Dwelling Units
Low Density Residential:	75.5 Ac. @ 1-7.0 du/ac. = Approximately 64 - 449 Dwelling Units

School: 10 acre site

Park: 6 acres

Fire Station: 1

PROJECT DESCRIPTION

The project involves the creation of a Development Plan of approximately 60 acres within a larger infrastructure Master Plan of approximately 220 acres all within the southeast section of the City of Lodi's Sphere of Influence. As the attached map describes, the entire project boundary is bordered by the State Route 99 to the east, the Union Pacific Rail Road to the west, Harney Lane to the North, and the property line that runs parallel and approximately 637 feet north of Scottsdale Road to the South.

The Master Plan entails approximately 140+ acres of residential including park and public uses, 20+ acres of office, and 40+ acres of retail use. It is anticipated the Master Plan will focus primarily on infrastructure needs to serve land uses proposed in the 60-acre project area and projected by the General Plan for the remaining 160 acres. The Development Plan will study only the office and retail uses totaling 60+ acres. The office use is anticipated to be approximately a 200,000 square foot multi-story building on a 20+ acre site employing a total of 1,600 employees at full capacity. The office user is anticipated to be a single owner-occupied corporation operating back office services and a large call center with an expected parking need of 900+ spaces in two shifts. The retail component is proposed to consist of one 100,000 square foot building and one 150,000 square foot building each on its own 20+ acre parcel. Therefore, the City is looking for a Program Level analysis for the Master Plan and Project Level analysis for the Development Plan.

The entire project area is outside the current City boundaries but within the Planned Residential Reserve designation of the General Plan and within the Sphere of Influence. The following tasks are anticipated for the respective plans:

General Plan Amendment

Program Level Infrastructure Master Plan for 220+ Acres focusing primarily on:

- Traffic
- Utilities Infrastructure (Water, Sewer, and Storm Water Drainage)
- Public Safety (specifically there is a definite need for an additional fire station)

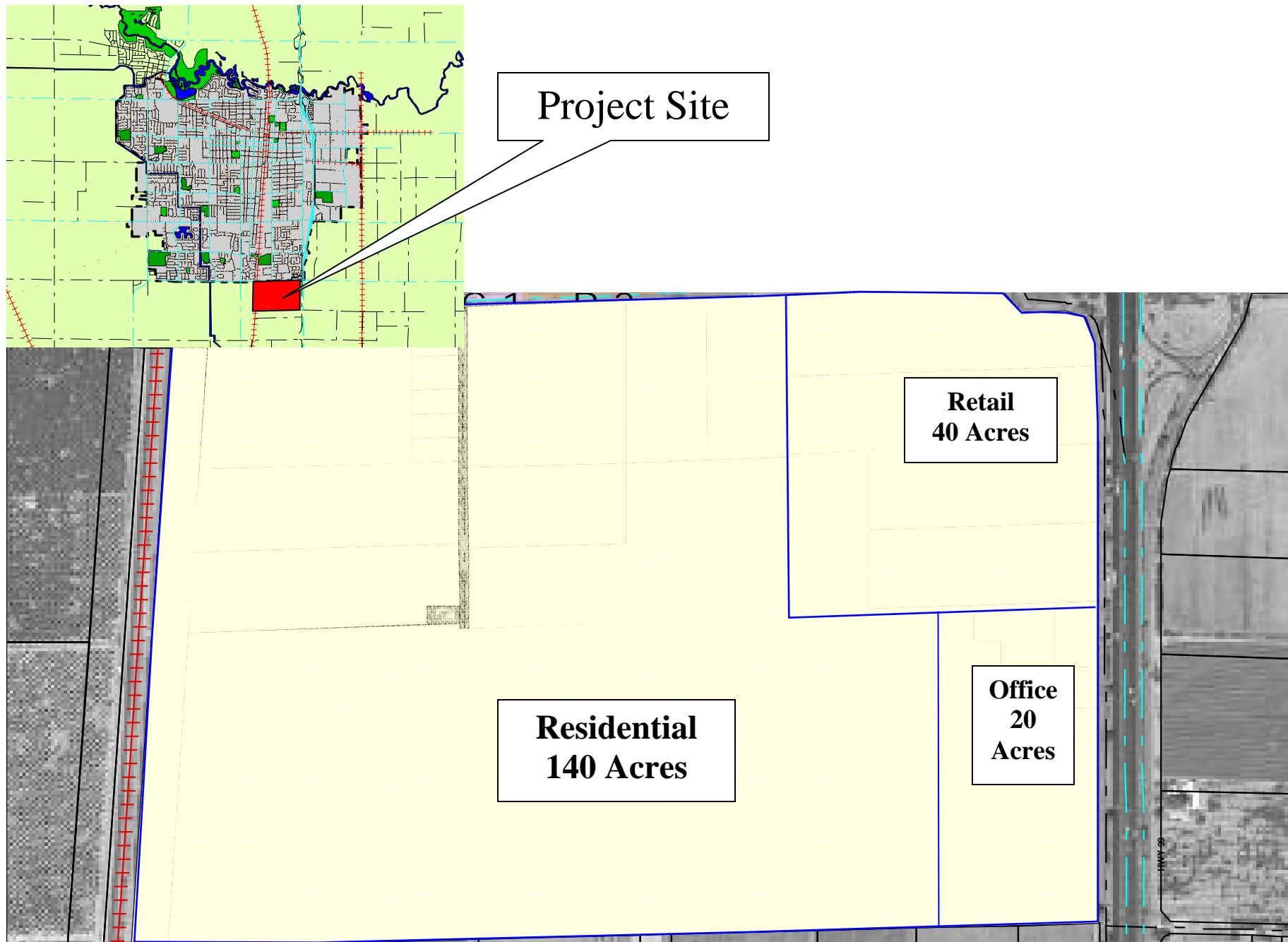
Project Level Development Plan for 60+ Acres

- Pre-Zoning Designation
- Annexation
- Site Planning
- Architectural Review

EIR

- Program level for Master Plan
- Project level for Development Plan

The City is looking for a consultant that will facilitate the entire process which includes but is not limited to the preparation of necessary minutes, presentations, staff reports, technical studies, required public notices, attend all public meetings, and see the entire process until all the necessary planning entitlements are in place and the land is annexed into the City Limits.



BLUE SHIELD/REYNOLDS RANCH ANNEXATION APPLICATION REIMBURSEMENT AGREEMENT

This Agreement is made by and between the City of Lodi, a municipal corporation, hereafter referred to as "**CITY**", San Joaquin Valley Land Company, LLC, a California limited liability company, hereafter referred to as "**DEVELOPER**" and Blue Shield of California Life & Health Insurance Company, a California corporation., hereafter referred to as "**Blue Shield**".

RECITALS

A. DEVELOPER wishes to seek the annexation of certain real property to the City of Lodi, for the purpose of future development. DEVELOPER is in negotiations with Blue Shield for the location of its two phase 1600 employee national call center. CITY intends to provide thorough, complete, and professional review of DEVELOPER's various land use applications. In order to provide such thorough, complete, and professional review, City intends to supplement its existing staff with qualified adjunct staff secured via a consultant services agreement. DEVELOPER agrees to reimburse CITY for all its expenses related to the thorough, complete, and professional review of DEVELOPER's various land use applications including but not limited to contracting with outside vendors as provided in this Agreement.

B. The property proposed for annexation is shown on **Exhibit "A"** which is attached hereto and incorporated herein by this reference (the "**Property**").

C. State Annexation Laws and City policies and procedures require the preparation of a comprehensive area-wide plan for all the area proposed for annexation as currently proposed and as planned for the future. CITY seeks to obtain said comprehensive area-wide plan via a program level Master Plan and a specific project level Development Plan.

D. Said Plans will require an Environmental Impact Report ("**EIR**") to determine the environmental impact, if any, of the proposed Master Plan and Development Plan.

E. The parties contemplate that they may enter into a later Development Agreement regarding the construction of the Project pursuant to the authorities set forth in Government Code Section 65864 et seq. However, the parties acknowledge that this agreement is not a development agreement, and does not commit them to enter into a development agreement at some later date or provide any land use entitlements.

F. CITY's policies and procedures require that DEVELOPER bear the full cost of processing the annexation application, including preparation of Master Plan and Development Plan, all environmental assessment work and documentation, all payment

of CITY and LAFCO application fees, all City staff time associated with the processing of the application, and all outside consultant services required for the processing of the application. Subsequent preparation of a development agreement and the costs associated therewith are not included in this Agreement.

G. The total estimated fees and costs for the processing of the application are \$476,000.00. The fees listed herein are estimates. Should the actual fees and costs exceed the estimates, DEVELOPER shall pay the difference. Likewise should the actual costs be less than the estimated costs, DEVELOPER's obligation shall be reduced accordingly.

H. CITY is willing to reimburse DEVELOPER for that portion of the costs paid by DEVELOPER which represents the proportionate share of such costs which benefit property not owned by DEVELOPER but included in the Master Plan area to the extent that CITY is able to establish and impose an area of benefit assessment on the benefited property. Said reimbursement will be the subject of a separate agreement in which CITY will make reimbursement payments to DEVELOPER from assessments against the other benefited properties at the time such properties develop.

I. The Parties further acknowledge that the California Fair Political Practices Act requires that DEVELOPER have no direction or control over the response times, selection, supervision, activities, recommendations or decisions of the Contract Planner.

J. Blue Shield is executing this Agreement for the purpose of evidencing its current intention to enter into an agreement for the purchase of an approximately 20 acre portion of the Property for development of an approximately 200,000 square foot call center.

NOW THEREFORE in consideration of the mutual covenants made herein, the parties agree as follows:

1. Recitals True and Correct. The parties agree that the "**RECITALS**" contained hereinabove are true and correct.

2. Expense Reimbursement. CITY will engage outside vendors and in-house staff in its sole discretion to perform the legal, environmental and planning services necessary for the Project. DEVELOPER will reimburse CITY for all in-house and outside costs associated with the Project. The fees listed herein are estimates. Should the actual fees and costs exceed the estimates, DEVELOPER shall pay the difference. Likewise should the actual costs be less than the estimated costs, DEVELOPER'S obligation shall be reduced accordingly.

3. DEVELOPER'S Cooperation. DEVELOPER will cooperate with CITY in performing the legal, environmental and planning work required of the CITY to advance the Project.

4. DEVELOPER'S Deposit. Upon execution of the Agreement, DEVELOPER shall deposit \$60,000.00 cash (or other equivalent security in a form

approved by the City Manager) with CITY. CITY will hold the deposit and charge invoices received and in-house expenses incurred against the deposit. In the event that the deposit is drawn down to a balance of less than \$20,000.00, DEVELOPER shall deposit additional funds to maintain an evergreen balance of at least \$20,000.00 ("**Evergreen Deposit**"). DEVELOPER shall deposit the Evergreen Deposit within 15 days of receiving notice from CITY. In the event that funds remain on deposit at the conclusion of the services contemplated by this Agreement; they shall be refunded to DEVELOPER. The deposit shall earn interest at the LAIF rate. Interest shall be credited back to the Evergreen Account and only refunded if a positive balance remains at the conclusion of the project.

5. Blue Shield Decision Date. On or before the date 30 days after the date this Agreement is fully executed (the "**Blue Shield Decision Date**") Blue Shield shall notify CITY and DEVELOPER whether Blue Shield intends to pursue its purchase of a portion of the Property to the exclusion of other possible sites in the Stockton/Lodi area ("**Blue Shield Affirmative Decision**").

6. Blue Shield/DEVELOPER Agreement. Blue Shield and DEVELOPER intend to promptly negotiate the terms of an Agreement of Purchase and Sale (the "**Purchase Agreement**"), pursuant to which Blue Shield will purchase an approximately 20 acre portion of the Property for development of an approximately 200,000 square foot call center.

7. Termination of Agreement.

a. Based on Blue Shield Decision Date. If Blue Shield does not deliver the Blue Shield Affirmative Decision by the Blue Shield Decision Date, then, on or before the date 15 days after the Blue Shield Decision Date, DEVELOPER shall terminate this Agreement by delivering notice to CITY, in which case CITY shall refund to DEVELOPER any unused funds previously deposited by DEVELOPER

b. Termination after Blue Shield Decision Date. If after the Blue Shield Decision Date, Blue Shield fails to enter into the Purchase Agreement or terminates the Purchase Agreement, then DEVELOPER may terminate this Agreement by delivering notice to CITY, in which case CITY shall refund to DEVELOPER any unused funds previously deposited by DEVELOPER.

c. Post Termination Work. Notwithstanding the provisions of Section 7(a) and (b), DEVELOPER may request that, after DEVELOPER has delivered notice of termination, CITY complete work in progress as identified by DEVELOPER. DEVELOPER shall reimburse CITY for the costs of completion of the identified work.

8. Payment of Costs Not Contingent on Project Approval/No Entitlements Granted. The payment of the fees and costs identified herein is not contingent upon the approval of the proposed annexation. DEVELOPER understands that the proposed annexation requires the approval of LAFCO and the Lodi City Council. DEVELOPER fully accepts all risks associated with the approval process. Nothing in this Agreement

shall provide DEVELOPER with any right to secure approval of any development plan or other entitlement. In addition, DEVELOPER agrees that it will have no rights to select the Contract Planner; or direct the work, response times, recommendations or approvals of the Contract Planner.

9. DEVELOPER'S Failure to Pay. Should DEVELOPER fail to make any of the payments in the amounts and at the times stated in the Section 4 of this Agreement, CITY may, at its option, stop all further work on the project and not proceed until the sums due are paid. Should DEVELOPER abandon the project, DEVELOPER shall be responsible for the payment to CITY of all fees and costs incurred by CITY at the time the project is abandoned, including such fees and costs for all work in progress but not yet billed to CITY by its contract consultants.

10. No Damages for Delay. CITY, its officers, agents, or employees shall not be responsible or liable to DEVELOPER for any damages of any type or description which may result from any delays associated with the processing of the project whether caused by the negligence of CITY, its officers, agents, employees, or otherwise.

11. California Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Joaquin, State of California, or any other appropriate court in such county, and DEVELOPER covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

12. Waiver. No delay or omission in the exercise of the right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either party or any default must be in writing and shall not be a waiver of any other default concerning the same and any other provision of this Agreement.

13. Attorney Fees. If either party to this Agreement is required to initiate or defend or is made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery, and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

14. Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

15. Integration: Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements, and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

16. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its validity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

17. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

18. Indemnification, Defense and Hold Harmless.

a. DEVELOPER agrees to and shall indemnify, defend and hold CITY, its council members, officers, agents, employees and representatives harmless from liability for damage or claims of damage, for personal injury, including death, and claims for property damage which may arise from CITY's hiring of a Contract Planner and the service provided thereby.

b. DEVELOPER's obligation under this section to indemnify, defend and hold harmless CITY, its council members, officers, agents, employees, and representatives shall not extend to liability for damage or claims for damage arising out of the sole negligence or willful act of CITY, its council members, officers, agents, employees or representatives. In addition, DEVELOPER's obligation shall not extend to any award of punitive damages against CITY resulting from the conduct of CITY, its council members, officers, agents, employees or representatives.

c. With respect to any action challenging the validity of this Agreement or any environmental, financial or other documentation related to approval of this Agreement, DEVELOPER further agrees to defend, indemnify, hold harmless, pay all damages, costs and fees, if any incurred to either CITY or plaintiff(s) filing such an action should a court award plaintiff(s) damages, costs and fees, and to provide a defense for CITY in any such action.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

ATTEST:

THE CITY OF LODI, a municipal corporation

By: _____
Susan Blackston, City Clerk

By: _____
Blair King, City Manager

APPROVED AS TO FORM:

D. Stephen Schwabauer, City Attorney

DEVELOPER:

SAN JOAQUIN VALLEY LAND
COMPANY, LLC, a California limited
liability company

By: _____

Name: _____

Title: _____

Address: _____

--AND--

BLUE SHIELD:

BLUE SHIELD OF CALIFORNIA LIFE
& HEALTH INSURANCE COMPANY, a
California corporation

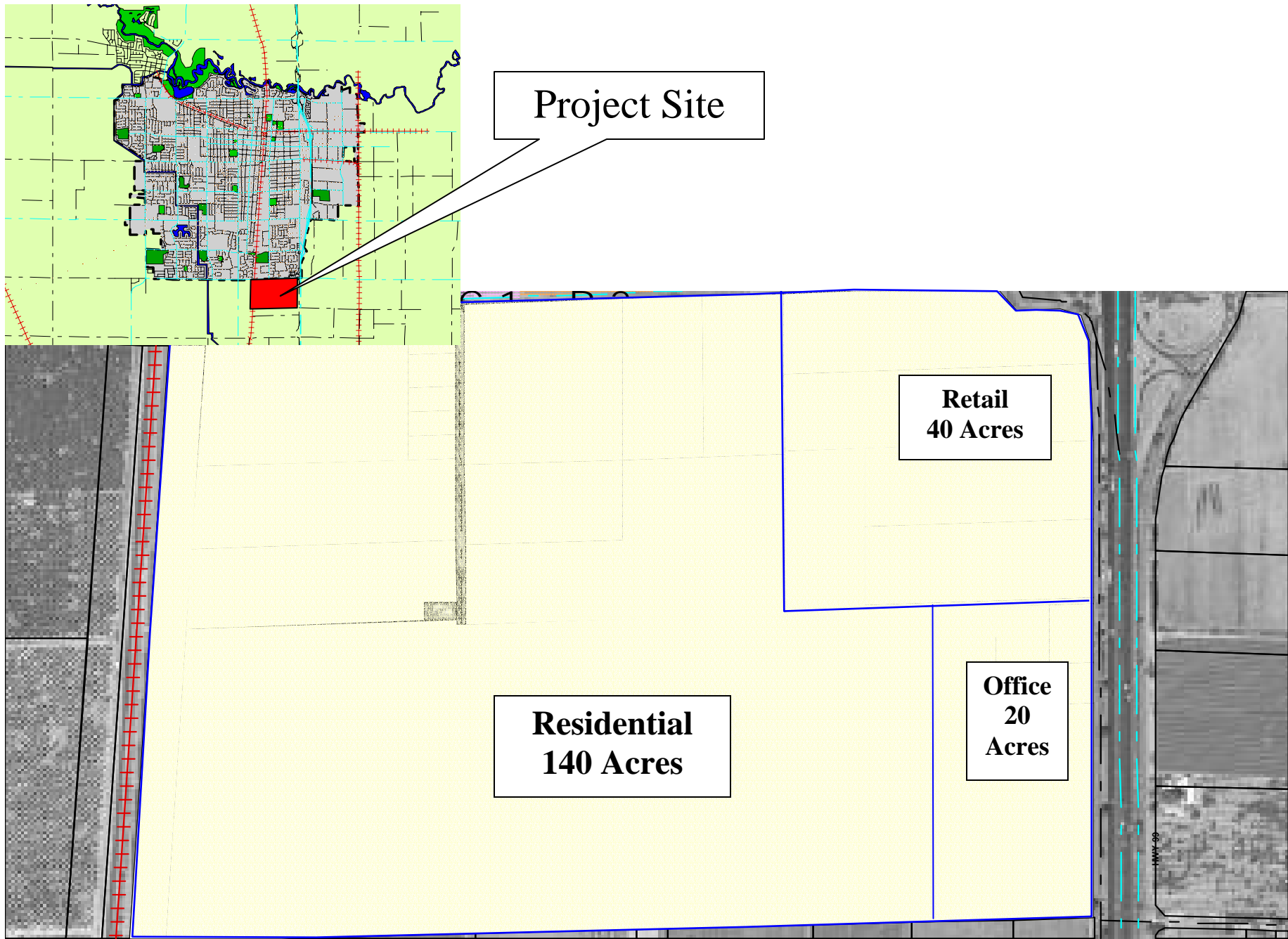
By:_____

Name:_____

Title:_____

Address:_____

EXHIBIT A
MASTER PLAN AND ANNEXATION AREA





November 14, 2005

Mr. Peter Pirnejad
Planning Manager
City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910

Subject: Proposal to Provide Engineering/Planning Support Services for a General Plan Amendment, Master Plan/Development Plan and Environmental Impact Report for a 220-Acre Area Located Within the City of Lodi Sphere of Influence

Dear Mr. Pirnejad:

Willdan is pleased to present this proposal to provide engineering and planning services in support of a proposed General Plan Amendment, Master Plan/Development Plan, and Environmental Impact Report (EIR) for a 220-acre area located within the City of Lodi's Sphere of Influence. In general, Willdan will perform the scope of work as outlined in your Request for Proposal (RFP), which was received by our office on November 10, 2005.

The requested services are comprised of four (4) key elements as noted below:

I. Entitlement Processing

The entire project area is located outside of the corporate limits of the City of Lodi; however, it is located within the Planned Residential Reserve designation of the General Plan and within the City's Sphere of Influence. The Master Plan envisions office and retail uses in addition to residential uses, thus requiring an amendment to the City's General Plan to accommodate the uses called out in the Master Plan. Willdan will assist the City in processing the General Plan Amendment and annexation as well as conducting architectural and design review for the project. Willdan, as an extension of City staff, will perform all tasks associated with entitlement processing, including preparation of notices, staff reports, and meeting minutes and making presentation at all required public meetings/hearings.

II. Develop Program Level Infrastructure Master Plan (220 Acres)

The Master Plan will address the future infrastructure needs of the area as a whole, as well as infrastructure needed to serve land uses proposed in the 60-acre project area which would be developed with office/retail land uses and be subject to a more precise Development Plan. Primary to this task will be to develop an Infrastructure Master Plan, which addresses the traffic, utilities, and public safety needs of the area. Therefore, a program level analysis of infrastructure needs will be developed for the Master Plan area, including an in-depth needs assessment for traffic, circulation, water, sewer, and storm water drainage. The plan will also address the potential need for increased fire prevention services for the area. Willdan civil engineers, traffic engineers, and other support personnel will work with City staff in developing the Infrastructure Master Plan.

III. Develop Project Level Development Plan (60 Acres)

A 60+ acres portion of the Master Plan area will require the development of a Project Level Development Plan to address future office and retail uses. These uses would be principally located on the eastern portion of the Plan area, adjacent to State Route 99. This work task would include preparing site-specific development guides for the office/retail areas, and providing design guidelines, which establish architectural criteria for the future development of these uses.

IV. Prepare Environmental Impact Report

Finally, Willdan will prepare an Environmental Impact Report (EIR) for the Master Plan Area that analyzes impacts of the Development Plan at the project level and the Master Plan at the program level. Our work would include all facets of EIR preparation and processing from preparation of an Initial Study and issuance of the Notice of Preparation (NOP) through filing the Notice of Determination (NOD). In preparing the EIR, Willdan will analyze project impacts and suggest mitigation measures as necessary to alleviate potentially significant impacts, such as the payment of agricultural mitigation fees to offset the potential loss of commercially productive agricultural land. Willdan planning and environmental staff will assume responsibility for this portion of the work program with assistance by Willdan civil and traffic engineers, and outside technical specialists as required.

The short timeframe required to respond to this Request for Proposals and the nature of the work does not allow for a precise development of a fee proposal for the proposed work at this time. However, we have provided on the enclosed spreadsheet an estimate of anticipated time-and-materials costs per task, which include travel and other miscellaneous costs and reproduction expenses. All work will be performed utilizing Willdan's standard Schedule of Hourly Rates, which is attached. For budgetary purposes only, the estimated fee is \$323,400.00.

The following Willdan team will be assigned to this project. Resumes are enclosed for your reference.

Project Manager	Robert Blaser, P.E.
Deputy Project Manager	Albert V. Warot
Project Engineer Civil Review	Ken Rukavina, P.E.
Project Engineer Traffic Review	Erik Zandvliet, P.E.
Project Manager Traffic Support	Lew Gluesing, P.E.
Project Planner, Master Plan/Project Plan	Dean Sherer, AICP
Project Planner, CEQA Documentation	John Bellas

In addition to these in-house personnel, the following technical specialists would likely be utilized in assisting with preparation of the EIR:

Noise and Air Quality: Giroux & Associates
Biological Resources: Live Oak Associates
Hazardous Materials: Phase One, Inc.
Economic Impact/Urban Decay Analysis: CBRE/Sedway or Keyser Marston Associates

A tentative time schedule for completing the tasks described above is attached.

If you have any questions, please contact Mr. Robert Blaser at (916) 924-7000.

Respectfully submitted,

November 14, 2005
Page 3

WILLDAN

Robert Blaser, P.E.
Senior Vice President

Enclosure

DS:mh
95610-05\06-190\P05-221

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO EXECUTE BLUE SHIELD/REYNOLDS
RANCH ANNEXATION APPLICATION REIMBURSEMENT
AGREEMENT, AND FURTHER AUTHORIZING THE CITY
MANAGER TO EXECUTE CONTRACT WITH WILDAN
ENGINEERING/PLANNING SUPPORT SERVICES

=====

NOW THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize the City Manager to enter into a Blue Shield/Reynolds Ranch Annexation Application Reimbursement Agreement; and

BE IT FURTHER RESOLVED, that the Lodi City Council hereby authorizes the City Manager to execute a contract with Wildan to provide engineering/planning support services for a General Plan Amendment, Pre-Zoning, Master Plan/Development Plan, Annexation, and Environmental impact Report for an approximate 220 acre area up to a half mile south of Harney Lane between State Route 99 and the Union Pacific Railroad, and an approximate 41 acre regional/community shopping center and approximately 134 acres of residential uses at a variety of densities and types with a potential 10 acre school site, 29 acres of open space and a 1 acre fire station.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

AGENDA TITLE: Introduce ordinance amending Lodi Municipal Code Title 12 – Streets, Sidewalks, and Public Places, by adding Chapter 12.03, “Sidewalks” to place liability on the adjoining property owner as permitted under state law (CA)

MEETING DATE: January 18, 2006

PREPARED BY: Janice D. Magdich, Deputy City Attorney

RECOMMENDED ACTION: That the City Council introduce Ordinance Amending Lodi Municipal Code Title 12 – Streets, Sidewalks and Public Places by adding Chapter 12.03, Sidewalks to place liability on the adjoining property owner as permitted under state law.

BACKGROUND INFORMATION: At the March 22, 2005 Shirtsleeve Session and the regular City Council meeting of October 5, 2005, discussion took place regarding sidewalk installation and maintenance policies. The goals of the sidewalk maintenance program are to:

- Improve the City’s sidewalk system to encourage walking and improve safety by reducing the number of defects in the sidewalks
- Improve the sidewalk system for persons with disabilities
- Reduce the City’s liability exposure and associated costs
- Utilize opportunities provided by State law to place costs with the appropriate party
- Develop a procedure that is efficient to administer

At the direction of Council, the City Attorney’s office, with the input and concurrence of the Public Works Director and the Street Superintendent, has drafted this ordinance to accomplish the above goals by adding a chapter to Title 12 of the Lodi Municipal Code to place sidewalk maintenance responsibilities and liability on the adjoining property owner as permitted under state law.

FUNDING: Not applicable.

Janice D. Magdich, Deputy City Attorney

Attachments

cc: Richard Prima, Public Works Director
George Bradley, Street Superintendent

APPROVED: _____
Blair King, City Manager

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LODI AMENDING LODI MUNICIPAL CODE TITLE 12 –
STREETS, SIDEWALKS, AND PUBLIC PLACES –
BY ADDING CHAPTER 12.03, “SIDEWALKS”

=====

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

Section 1. Lodi Municipal Code Title 12, “Streets, Sidewalks, and Public Places,” is hereby amended by adding Chapter 12.03, “Sidewalks,” to read as follows:

Chapter 12.03

SIDEWALKS

Sections:

- 12.03.010 – Definitions
- 12.03.020 – Sidewalk Maintenance and Repair
- 12.03.030 – Liability for Injury to the Public
- 12.03.040 – Civil Liability for Injuries and Indemnification
- 12.03.050 – Enforcement of this Chapter

12.03.010 – Definitions.

As used in this Chapter, the terms listed below shall have the meaning assigned them.

“Sidewalk” means that area fronting private or public property within the public right-of-way and intended for pedestrian travel, whether or not such area is improved or paved, and any parkway, driveway, curb, or gutter that was or should have been constructed in conformance with the City's specifications for such improvements.

“Defective Sidewalk” means a sidewalk where, in the judgment of the Public Works Director or his/her designee, the vertical or horizontal line or grade is altered, damaged, or displaced to an extent that a safety hazard exists or the sidewalk is in such a condition as to endanger persons or property or is in such a condition as to interfere with the public convenience and use of the sidewalk. Defective Sidewalk shall also include any condition of a public pedestrian right-of-way determined by a court of competent jurisdiction to constitute a dangerous condition of public property.

“Property Owner” means any person, partnership, corporation, or other entity, public or private, owning a lot, lots, or portion of a lot within the City of Lodi and fronting on any portion of a public street, alley, or place where sidewalk exists.

“Lot,” “lots,” or “portions of lots” means a parcel of real property located within the City of Lodi, fronting on any portion of a public street, alley, or place where a sidewalk exists.

12.03.020 – Sidewalk Maintenance and Repair.

A. The provisions of Chapter 22 of Part 3, Division 7, Street and Highways Code of the State of California (“The Improvement Act of 1911”), as is now in effect or as may be

amended, are expressly referred to and by such reference made a part of this Chapter, including all proceedings applicable to the maintenance and repair of sidewalks, and the confirming and collecting of assessments for the cost and expenses of said maintenance and repair.

B. The procedure set forth in The Improvement Act of 1911 concerning the maintenance and repair of sidewalks, is, to the extent permitted under State law, subject to revision or supplementation by policies as may from time to time be adopted by resolution of the City Council. Maintenance and repair of sidewalks shall be to specifications established by the Public Works Director or his/her designee.

12.03.030 – Liability for Injury to the Public.

Property Owner is required under this Chapter to maintain and repair the sidewalk fronting on the Property Owner's lot and shall owe a duty to members of the public to keep and maintain the sidewalk in a safe and non-dangerous condition such that it will not endanger persons or property. If, as the result of any failure of any Property Owner to maintain the sidewalk in a safe and non-dangerous condition as required under this Chapter, any person suffers injury or damage to person or property, the Property Owner shall be liable to such person for the resulting damages or injury.

12.03.040 – Civil Liability for Injuries and Indemnification.

Any Property Owner that fails to maintain the sidewalk fronting on the Property Owner's lot, lots, or portion of a lot in a safe and non-dangerous condition as required under this Chapter shall bear the sole civil liability, if any, to a person suffering personal injury or property damage caused by the Defective Sidewalk. In the event that the City is held liable in any civil action for damages for personal injury or property damages caused by a Defective Sidewalk, the City shall be entitled to full indemnity from the Property Owner.

12.03.050 – Enforcement of this Chapter.

The City Manager, through the Public Works Director, shall enforce this Chapter.

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 3. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 4. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 5. This ordinance shall be published one time in the "Lodi News-Sentinel," a daily newspaper of general circulation printed and published in the City of Lodi, and shall take effect 30 days from and after its passage and approval.

Approved this ____ day of _____, 2006

SUSAN HITCHCOCK
Mayor

Attest:

SUSAN J. BLACKSTON
City Clerk

=====

State of California
County of San Joaquin, ss.

I, Susan J. Blackston, City Clerk of the City of Lodi, do hereby certify that Ordinance No. ____ was introduced at a regular meeting of the City Council of the City of Lodi held January 18, 2006, and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES; COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. ____ was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

SUSAN J. BLACKSTON
City Clerk

Approved as to Form:

D. STEPHEN SCHWABAUER
City Attorney

By _____
Janice D. Magdich
Deputy City Attorney



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

AGENDA TITLE: Introduce Ordinance Amending Lodi Municipal Code Title 12 – Streets, Sidewalks and Public Places by Adding Article VI, “Waterfowl and Migratory Birds”

MEETING DATE: January 18, 2006

PREPARED BY: Janice D. Magdich, Deputy City Attorney

RECOMMENDED ACTION: That the City Council introduce Ordinance Amending Lodi Municipal Code Title 12 – Streets, Sidewalks and Public Places by adding Article VI “Waterfowl and Migratory Birds.”

BACKGROUND INFORMATION: At the August 9, 2005 Shirtsleeve Session, Council and staff discussed the water quality of Lodi Lake. A copy of the Lodi Lake Water Quality Report, dated August 4, 2005 and presented to the Council at the August 9th Shirtsleeve Session is attached.

Staff estimates that during the past few years some 130 – 150 Canada geese have made Lodi Lake their permanent home. Staff believes that the resident geese are contributing to the high levels of fecal coliform bacteria counts resulting in the closure of the Lake to swimmers on numerous occasions.

U.S. Fish and Wildlife Services Non-migratory Bird Division staff advise that feeding waterfowl and migratory birds increases the potential for damages to the flora and fauna of public parks and lakes due to an accumulation of bird droppings, may harm water quality, increase the potential for the spread of diseases to City residents, causes nutritional problems for the waterfowl and migratory bird populations and increases the spread of diseases among the birds. Accordingly, the proposed Ordinance will prohibit the feeding of any waterfowl or migratory birds in any public park or upon any public lake.

The proposed Ordinance was drafted with the input and concurrence of the Parks & Recreation Director and Fish and Wildlife Services.

FUNDING: Not applicable.

Janice D. Magdich, Deputy City Attorney

Attachments

cc: Tony Goehring, Parks & Recreation Director
Steve Dutra, Parks Superintendent

APPROVED: _____
Blair King, City Manager

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
LODI AMENDING LODI MUNICIPAL CODE, TITLE 12,
CHAPTER 12.12 – PARKS – BY ADDING ARTICLE VI,
“WATERFOWL AND MIGRATORY BIRDS”

=====

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

Section 1. Lodi Municipal Code Title 12, CHAPTER 12.12 – PARKS – is hereby amended by adding Article VI, “WATERFOWL AND MIGRATORY BIRDS,” to read as follows:

ARTICLE VI

WATERFOWL AND MIGRATORY BIRDS

Sections:

- 12.12.510 – Purpose
- 12.12.520 – Definitions
- 12.12.530 – Prohibited Conduct
- 12.12.540 – Violations and Penalties
- 12.12.550 – Enforcement

12.12.510 – Purpose.

- A. The purpose of this Article is to protect the health, safety, and welfare of the City and its wildlife by prohibiting the feeding of waterfowl and migratory birds within City parks and lakes. Feeding waterfowl and migratory birds increases the potential for damage to the flora and fauna of public parks and lakes due to an accumulation of bird droppings, may harm water quality, and increase the potential for the spread of disease to City residents.
- B. It is also the purpose of this Article to protect the welfare of the waterfowl and migratory birds themselves, as wildlife studies have shown that feeding waterfowl and migratory birds can interrupt their normal migration patterns, cause nutritional problems, and promote the spread of bird diseases.
- C. It is also the purpose of this Article to minimize the attraction to waterfowl and migratory birds of residing within City parks and lakes by restricting their feeding and other acts that encourage the birds to halt their natural migration patterns.

12.12.520 – Definitions.

As used in this Article, the terms listed below shall have the meaning assigned them.

“Feed” or “Feeding” means the placing, exposing, depositing, distributing, or scattering, directly or indirectly, of shelled corn, shucked or unshucked, wheat or other grains, breads, popcorn, scraps, salt, or any other feed or nutritive substances likely to be eaten by waterfowl or migratory birds, in any manner or form, so as to lure, attract, or entice waterfowl or migratory birds to, on or over any such areas where such feed items or materials have been placed, exposed, deposited, distributed, or scattered.

“Waterfowl and Migratory Birds” means those species of birds commonly known as “swans,” “geese,” and “ducks” and any other waterfowl or migratory birds under the jurisdiction of the United States Fish and Wildlife Service.

12.12.530 – Prohibited Conduct.

A. It shall be unlawful for any person to feed, in any public park or upon any public lake, or on any other property owned or operated by the City, any waterfowl or migratory birds.

B. It shall be unlawful to create or foster any condition or allow any condition to exist or continue, which results in a congregation or congestion of waterfowl or migratory birds in any public park or upon any public lake.

12.12.540 – Violations and Penalties.

A. Any person violating the provisions of this Article shall be guilty of an infraction, punishable on conviction as set forth in Section 1.08.010(C) of this Code.

B. Any person convicted of three or more violations of this Article within the twelve-month period immediately proceeding the commission of the latest offense shall have the offense charged as a misdemeanor, punishable as specified in Section 1.08.010(B) of this Code.

C. The continuation of any violation of this Article for each successive day shall constitute a separate offense, and the person committing the violation may be punished for each separate offense as provided herein.

D. Notwithstanding any other provision of this Article, the violation of any provision of this Article may be subject to abatement by a restraining order or injunction issued by a court of competent jurisdiction.

12.12.050 – Enforcement.

This Article may be enforced by a City Police Officer, Animal Control Officer, Code Enforcement Officer, or the Parks and Recreation Director or his/her designee.

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 3. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 4. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 5. This ordinance shall be published one time in the “Lodi News-Sentinel,” a daily newspaper of general circulation printed and published in the City of Lodi, and shall take effect 30 days from and after its passage and approval.

Approved this ____ day of _____, 2006

SUSAN HITCHCOCK
Mayor

Attest:

SUSAN J. BLACKSTON
City Clerk
=====

State of California
County of San Joaquin, ss.

I, Susan J. Blackston, City Clerk of the City of Lodi, do hereby certify that Ordinance No. ____ was introduced at a regular meeting of the City Council of the City of Lodi held January 18, 2006, and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, 2006, by the following vote:

AYES: COUNCIL MEMBERS –
NOES; COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. ____ was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

Approved as to Form:

SUSAN J. BLACKSTON
City Clerk

D. STEPHEN SCHWABAUER
City Attorney

By _____
Janice D. Magdich
Deputy City Attorney



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution establishing and adjusting rental fees for Parks and Recreation facilities

MEETING DATE: January 18, 2006

PREPARED BY: Parks and Recreation Director

RECOMMENDED ACTION: That the City Council adopt a resolution establishing and adjusting rental fees for Parks and Recreation facilities.

BACKGROUND INFORMATION: At the September 27, 2005, shirtsleeve session staff presented to Council recommended adjustments to current facility rental fees for picnic areas, beach and pool rentals, baseball fields, and softball fields. Additionally, the establishment of fees for whole park areas, soccer fields, and the All Veterans Plaza were presented as well.

In the case of baseball and softball facilities, rental fees **have not** been adjusted in over a decade. Fee charges were assessed to new picnic areas (Peterson and Katzakian Parks) and adjustments made to Enze Pool and Lodi Lake Beach/Wading facilities in June of 2002. Council last approved all other picnic areas and building rental rates in August 2002. Historically, in updating and preparing proposed fee adjustments, staff has considered the following factors: (1) a mandated cost recovery goal of 35% minimum, (2) market demand and acceptance and (3) actual costs of provision and maintenance of the facilities, just as we are today.

In a separate and unrelated action on November 16, 2004, the Parks and Recreation Commission approved a 3-Tier Registration System fee proposal. The new system became effective January 1, 2005. This action was taken in an effort to more effectively meet recently mandated cost recovery goals of 100% in all fee-based programs.

Staff presented the fee proposal that is in front of you this evening to the Parks and Recreation Commission at their October 4, 2005, meeting. The Commission subsequently took action on the proposal at their December 6th 2005, meeting with the attached recommendation on picnic areas, pools/beach areas, softball fields, baseball fields, soccer fields, and whole park areas. The Commission unanimously approved the fee proposal as presented except for the establishment of fees for the All Veterans Plaza. The Parks and Recreation Commission respectfully recommend that events held at the All Veterans Plaza be limited to those which publicly honor veterans and/or military personnel and are in keeping with the memorial and patriotic theme of the plaza. As such, no rental fees shall be assessed for the use of this area/facility.

To further ensure that Parks and Recreation fees keep pace with budgetary goals and requirements, the Parks and Recreation Commission recommended the formation of a "Budget Review Task Force". This Task Force is to consist of Parks and Recreation staff and 2 Commission representatives, and will function as follows:

1. Formulate budget recommendations to Commission and Council on Parks and Recreation budgetary goals and cost recovery requirements.
2. Develop a strategic plan to meet these goals.
3. Review fee schedules on an annual basis in conjunction with the department's budget submittals and make recommendations on fee adjustments for budgetary goal attainment.
4. Thoroughly review current Parks and Recreation cost-allocation tracking system and modify as needed in order to meet the department's accounting needs.

APPROVED: _____
Blair King, City Manager

Staff has diligently surveyed fee structures of other local agencies and communities and has quantitatively compared market rates. Comparables from local agencies are included in the Council packet. We are confident in the proposal that is before you this evening and fully support the recommendation of the Parks and Recreation Commission for its approval.

FISCAL IMPACT: Increased revenues to the General Fund totaling approximately \$40,000 per fiscal year of which \$30,000 were included in the 2005/06 revenue estimates.

FUNDING AVAILABLE: Not applicable

Tony C. Goehring
Parks and Recreation Director

Prepared by Susan Bjork, Management Analyst

TCG/SVB:tl

Attachments

cc: City Attorney

Lodi Parks and Recreation
2005/06 Proposed Fee Adjustments

Description	User Group B		User Group C		User Group D		Other Agency Comparison
	Current	Proposed	Current	Proposed	Current	Proposed	
<u>PICNIC AREAS</u>							
Lodi Lake Hughes Beach Shelter	\$ 50.00	\$ 50.00	\$ 70.00	\$ 75.00	\$ 85.00	\$ 100.00	\$25/hr to \$109/day
Lodi Lake Hughes Beach Whole	\$ 85.00	\$ 100.00	\$ 115.00	\$ 125.00	\$ 140.00	\$ 200.00	\$35/hr to \$215/day
Lodi Lake Kiwanis Area	\$ 65.00	\$ 75.00	\$ 90.00	\$ 100.00	\$ 105.00	\$ 125.00	\$25/hr to \$109/day
Lodi Lake Parson's Point Shelter	\$ 40.00	\$ 50.00	\$ 60.00	\$ 75.00	\$ 75.00	\$ 100.00	\$25/hr to \$109/day
Lodi Lake Parson's Point Whole	\$ 90.00	\$ 100.00	\$ 115.00	\$ 125.00	\$ 170.00	\$ 200.00	\$35/hr to \$215/day
Lodi Lake Rotary Area Shelter	\$ 40.00	\$ 50.00	\$ 65.00	\$ 75.00	\$ 80.00	\$ 100.00	\$25/hr to \$109/day
Lodi Lake Rotary Area Whole	\$ 90.00	\$ 100.00	\$ 115.00	\$ 125.00	\$ 170.00	\$ 200.00	\$35/hr to \$215/day
Lodi Lake Williamson Youth Area Shelter	\$ 65.00	\$ 75.00	\$ 125.00	\$ 125.00	\$ 140.00	\$ 150.00	\$25/hr to \$109/day
Lodi Lake Williamson Youth Area Whole	\$ 165.00	\$ 175.00	\$ 215.00	\$ 225.00	\$ 270.00	\$ 300.00	\$35/hr to \$215/day
Emerson Lions Den Picnic Area	\$ 40.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 70.00	\$ 80.00	\$25/hr to \$109/day
Katzakian Picnic Area	\$ 20.00	\$ 30.00	\$ 35.00	\$ 45.00	\$ 50.00	\$ 65.00	\$18/hr to \$50/day
Lawrence Picnic Area NO CHANGE	\$ 45.00	\$ 45.00	\$ 55.00	\$ 55.00	\$ 70.00	\$ 70.00	\$25/hr to \$109/day
Legion Loewen's Den Picnic Area	\$ 40.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 70.00	\$ 80.00	\$25/hr to \$109/day
Peterson Picnic Area	\$ 20.00	\$ 30.00	\$ 35.00	\$ 45.00	\$ 50.00	\$ 65.00	\$18/hr to \$50/day
Salas Picnic Area	\$ 40.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 70.00	\$ 80.00	\$25/hr to \$109/day
<u>POOLS/BEACH</u>							
Enze/Field Pool	\$ 70.00	\$ 85.00	\$ 80.00	\$ 95.00	\$ 90.00	\$ 110.00	\$35/hr to \$159/event
Lodi Lake Beach	\$ 80.00	\$ 85.00	\$ 90.00	\$ 95.00	\$ 100.00	\$ 110.00	
Lodi Lake Wading Pool	\$ 60.00	\$ 65.00	\$ 70.00	\$ 75.00	\$ 80.00	\$ 90.00	
Each increment of 25 people	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	
Each additional hour	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	
<u>SOFTBALL FIELDS - Armory, Softball Complex, Salas</u>							
Practice	\$ 25.00	\$ 65.00	\$ 25.00	\$ 70.00	\$ 50.00	\$ 80.00	\$3.50/hr - \$35/practice
Game	\$ 25.00	\$ 90.00	\$ 25.00	\$ 95.00	\$ 50.00	\$ 105.00	\$7.50 - \$35
Doubleheader NEW	\$ -	\$ 110.00	\$ -	\$ 115.00	\$ -	\$ 125.00	\$10.50/hr - \$85
Tournament - per team (dble elim)	\$ 40.00	\$ 50.00	\$ 40.00	\$ 50.00	\$ 40.00	\$ 50.00	\$10.50/hr - \$130 day
Lights NEW	\$ -	\$ 10.00		\$ 10.00		\$ 10.00	

Lodi Parks and Recreation
2005/06 Proposed Fee Adjustments

Description	User Group B		User Group C		User Group D		Other Agency Comparison
	Current	Proposed	Current	Proposed	Current	Proposed	
BASEBALL FIELDS - New User Class Structure							
Blakely - Practice	\$21/41	\$ 50.00	\$21/41	\$ 60.00	\$62/82	\$ 75.00	\$3.50/hr - 1 agency response
Blakely - Game	\$35/\$68	\$ 70.00	\$35/\$68	\$ 80.00	\$103/137	\$ 100.00	\$3.50/hr - \$350/game
Blakely - Doubleheader NEW		\$ 100.00		\$ 110.00		\$ 140.00	\$3.50/hr - \$144/game
Yamashita Field (Kofu) - Practice	\$21/41	\$ 65.00	\$21/41	\$ 75.00	\$62/82	\$ 100.00	\$3.50/hr - 1 agency response
Yamashita Field (Kofu) - Game	\$35/\$68	\$ 85.00	\$35/\$68	\$ 95.00	\$103/137	\$ 125.00	\$3.50/hr - \$350/game
Yamashita Field (Kofu) - Doubleheader	\$37/\$73	\$ 115.00	\$37/\$73	\$ 125.00	\$110/147	\$ 155.00	\$3.50/hr - \$144/game
Yamashita Field (Kofu) - Tourney NEW		\$ 130.00		\$ 130.00		\$ 130.00	\$10.50/hr
Yamashita Field (Kofu) - Lights NEW		\$ 10.00		\$ 10.00		\$ 10.00	
Zupo Field - Practice	\$21/41	\$ 80.00	\$21/41	\$ 90.00	\$62/82	\$ 120.00	\$3.50/hr - 1 agency response
Zupo Field - Game	\$35/\$68	\$ 100.00	\$35/\$68	\$ 110.00	\$103/137	\$ 150.00	\$3.50/hr - \$350/game
Zupo Field - Doubleheader	\$37/\$73	\$ 130.00	\$37/\$73	\$ 140.00	\$110/147	\$ 180.00	\$3.50/hr - \$144/game
Zupo Field - Tourney NEW		\$ 130.00		\$ 130.00		\$ 130.00	\$10.50/hr
Zupo Field Lights - New		\$ 20.00		\$ 20.00		\$ 20.00	
<u>SOCCER FIELD</u>							
Kofu Park Soccer Field NEW		\$ 70.00		\$ 75.00		\$ 90.00	\$3.30/hr - \$3100/day
Kofu Park Soccer Field Lights NEW		\$ 10.00		\$ 10.00		\$ 10.00	
<u>WHOLE PARK AREAS - NEW</u>							
Lodi Lake Park (whole, excluding nature area)		\$ 2,500.00		\$ 3,500.00		\$ 5,000.00	
Lodi Lake Park (north side)		\$ 700.00		\$ 1,000.00		\$ 1,500.00	
Lodi Lake Extra Day (cleanup/setup)		\$ 300.00		\$ 300.00		\$ 300.00	
Beckman Park (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Hale Park (grandstand/parking areas)		\$ 300.00		\$ 500.00		\$ 800.00	
Henry Graves (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Grape Bowl (cleanup/setup)	\$ 250.00	\$ 300.00	\$ 250.00	\$ 300.00	\$ 500.00	\$ 300.00	
Lawrence Park		\$ 300.00		\$ 500.00		\$ 800.00	
Peterson Park (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Vinewood Park (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Zupo Field (non-athletic events)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Kofu Skate Park - 4 hr min.		\$ 100.00/hr		\$ 100.00/hr		\$ 125.00/hr	
All whole park areas:							
Plus cost of city services							
10% of proceeds for Groups C and D <i>for profit</i> events							

Lodi Parks and Recreation
2005/06 Proposed Fee Adjustments

Description	User Group B		User Group C		User Group D		Other Agency Comparison
	Current	Proposed	Current	Proposed	Current	Proposed	
MISCELLANEOUS *							
All Veterans Plaza - Community events		\$ -					
All Veterans Plaza - Private events		\$25 p/h		\$25 p/h		\$50 p/h	

* The Parks and Recreation Commission recommends that events held at the All Veterans Plaza be limited to those that publicly honor veterans and/or military personnel and are in keeping with the memorial and patriotic theme of the plaza and as such, no rental fees should be assessed for use of the facility.

Definitions:

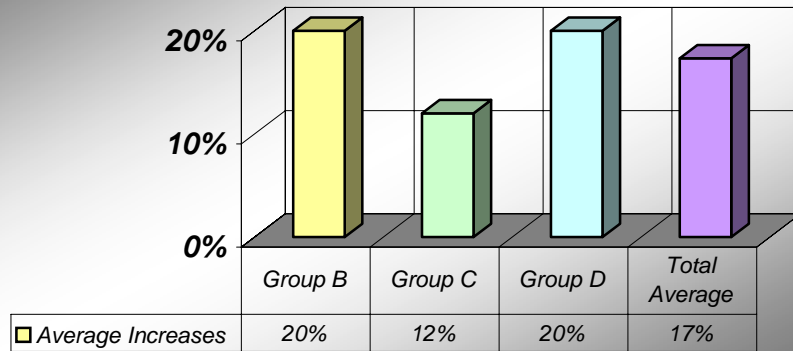
Group B: Local non-profits with a 501(c)(3) designation

Group C: Individuals, agencies, organizations and businesses within the incorporated Lodi city limits

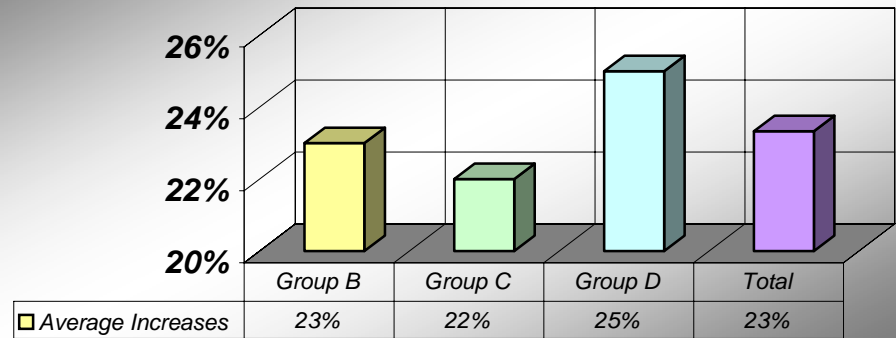
Group D: All individuals, agencies, organizations, and businesses **outside** the incorporated Lodi city limits

Lodi Parks and Recreation
2005/06 Proposed Fee Adjustments

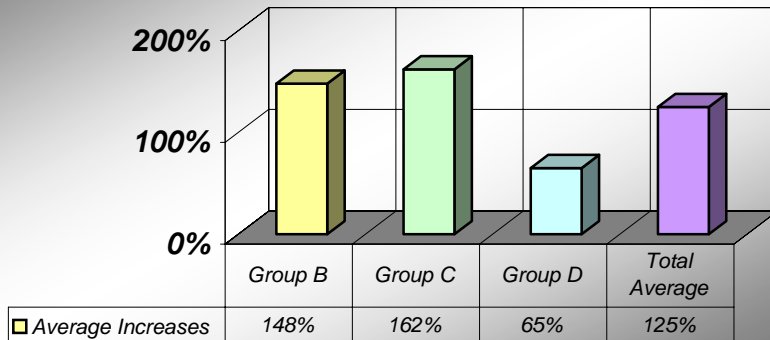
Picnic Area Increases



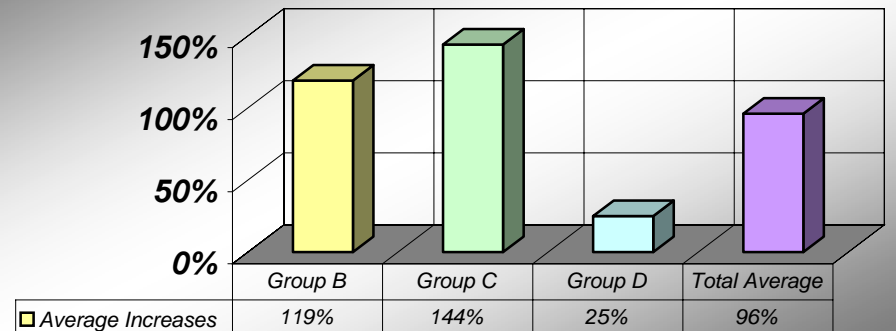
Pool/Beach Rentals



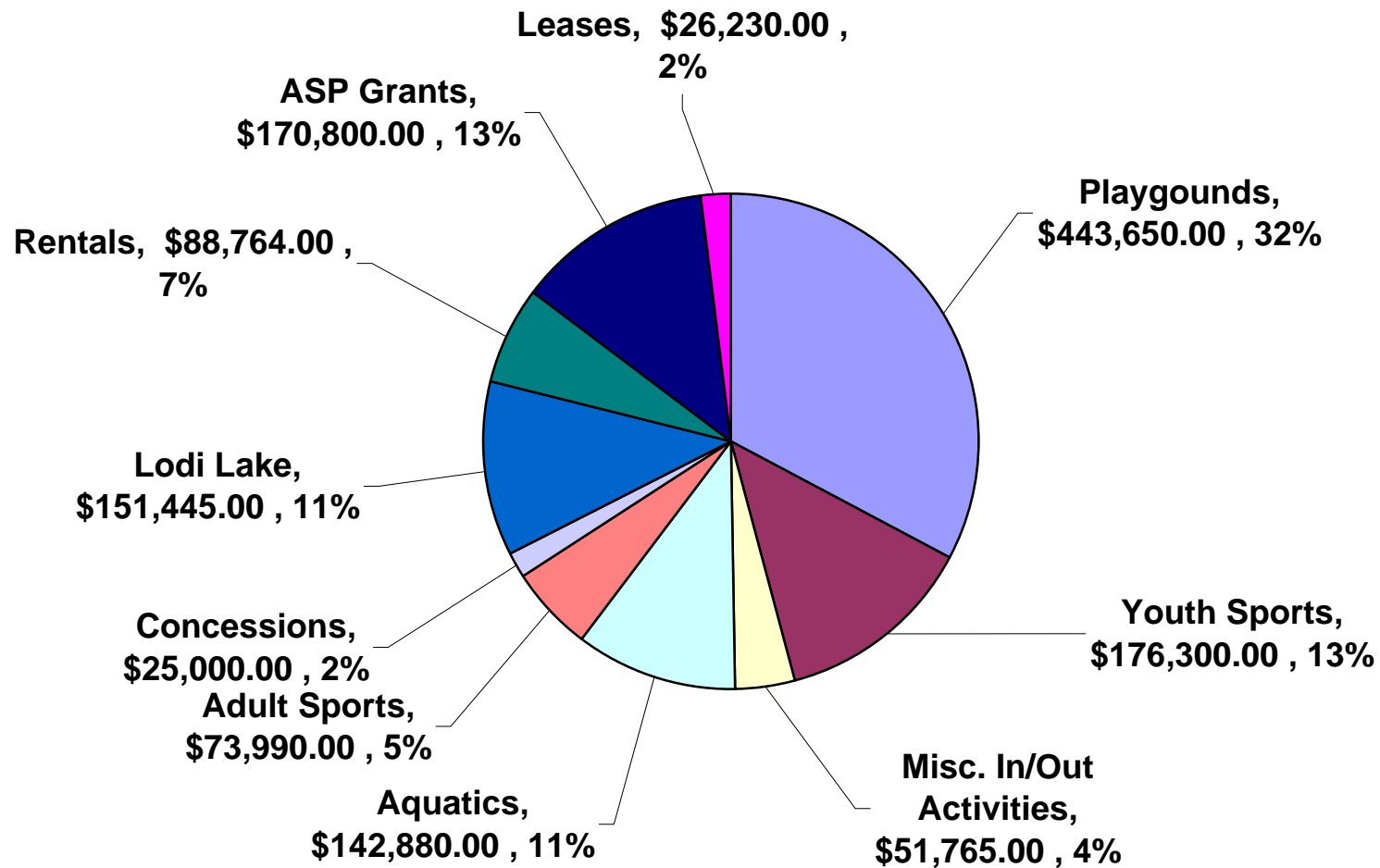
Softball Field Increases



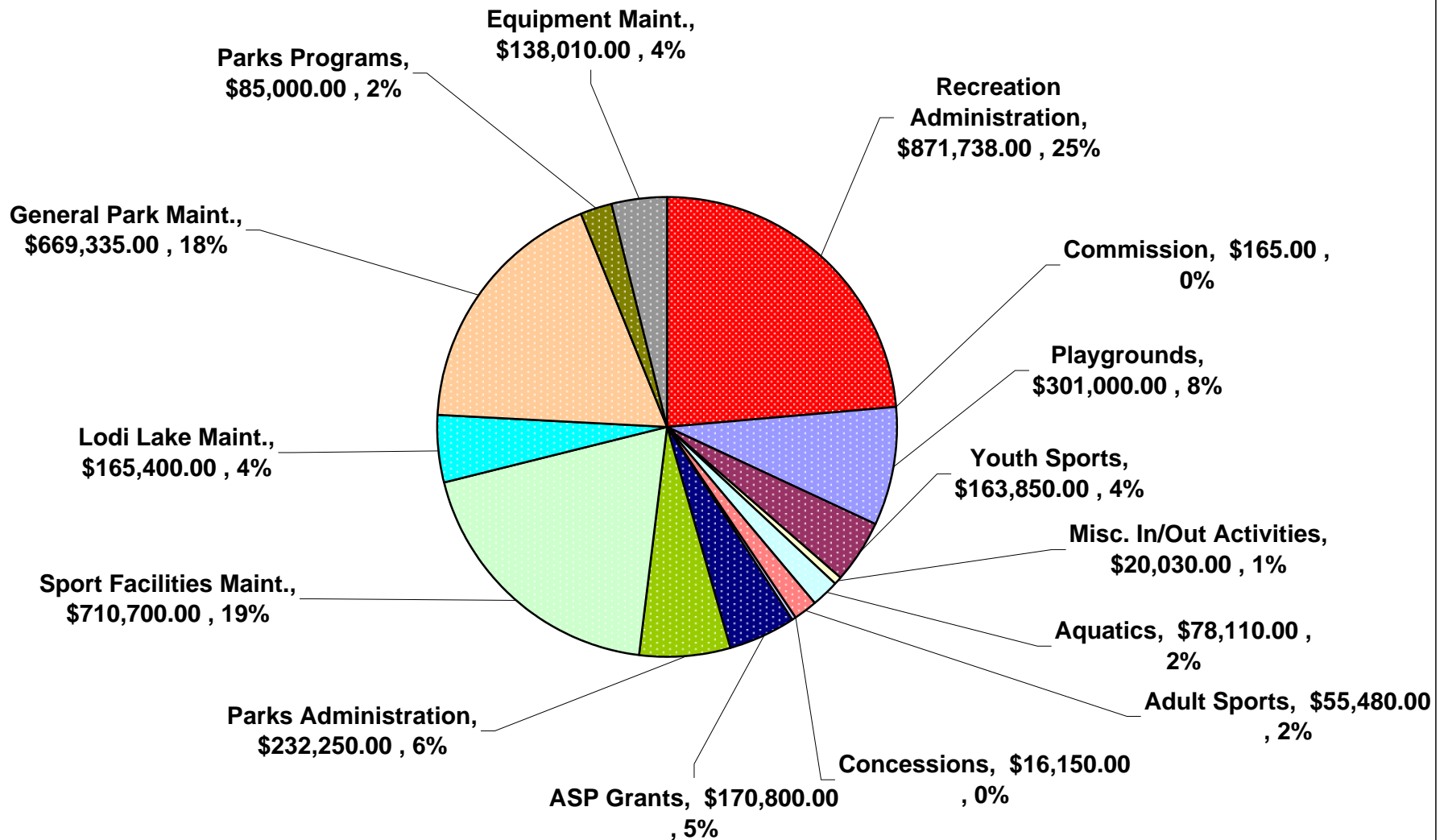
Baseball Field Increases



2005/06 Revenue Goals: \$1,350,824



2005/06 Operating Budget: \$3,678,018



A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE ESTABLISHMENT AND
ADJUSTMENT OF CERTAIN PARKS AND
RECREATION FEES AND CHARGES

=====

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

SECTION 1. WHEREAS, Lodi Municipal Code §12.16.020 requires the City Council, by Resolution, to set fees for various services provided by the City of Lodi to recover those costs associated with providing specific services and programs; and

WHEREAS, staff recommends increasing and establishing fees for the Parks and Recreation Department as shown on the attached schedule, marked Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Lodi does hereby implement the fee schedule as attached hereto marked Exhibit A and made a part of this Resolution.

SECTION 2. All resolutions or parts of resolutions in conflict herewith are repealed insofar as such conflict may exist.

SECTION 3. This resolution shall be published one time in the Lodi News Sentinel, a daily newspaper of general circulation printed and published in the City of Lodi, and shall be in force and take effect January 18, 2006.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

EXHIBIT A

Lodi Parks and Recreation 2005/06 Proposed Fee Adjustments

Description	User Group B		User Group C		User Group D		Other Agency Comparison
	Current	Proposed	Current	Proposed	Current	Proposed	
<u>PICNIC AREAS</u>							
Lodi Lake Hughes Beach Shelter	\$ 50.00	\$ 50.00	\$ 70.00	\$ 75.00	\$ 85.00	\$ 100.00	\$25/hr to \$109/day
Lodi Lake Hughes Beach Whole	\$ 85.00	\$ 100.00	\$ 115.00	\$ 125.00	\$ 140.00	\$ 200.00	\$35/hr to \$215/day
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Lodi Lake Parson's Point Shelter	\$ 40.00	\$ 50.00	\$ 60.00	\$ 75.00	\$ 75.00	\$ 100.00	\$25/hr to \$109/day
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Katzakian Picnic Area	\$ 20.00	\$ 30.00	\$ 35.00	\$ 45.00	\$ 50.00	\$ 65.00	\$18/hr to \$50/day
Lawrence Picnic Area NO CHANGE	\$ 45.00	\$ 45.00	\$ 55.00	\$ 55.00	\$ 70.00	\$ 70.00	\$25/hr to \$109/day
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<u>POOLS/BEACH</u>							
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Each increment of 25 people	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	
Each additional hour	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	\$ 25.00	\$ 35.00	
<u>SOFTBALL FIELDS - Armory, Softball Complex, Salas</u>							
Practice	\$ 25.00	\$ 65.00	\$ 25.00	\$ 70.00	\$ 50.00	\$ 80.00	\$3.50/hr - \$35/practice
Game	\$ 25.00	\$ 90.00	\$ 25.00	\$ 95.00	\$ 50.00	\$ 105.00	\$7.50 - \$35
Doubleheader NEW	\$ -	\$ 110.00	\$ -	\$ 115.00	\$ -	\$ 125.00	\$10.50/hr - \$85
Tournament - per team (dble elim)	\$ 40.00	\$ 50.00	\$ 40.00	\$ 50.00	\$ 40.00	\$ 50.00	\$10.50/hr - \$130 day
Lights NEW	\$ -	\$ 10.00		\$ 10.00		\$ 10.00	

Lodi Parks and Recreation
2005/06 Proposed Fee Adjustments

Description	User Group B		User Group C		User Group D		Other Agency Comparison
	Current	Proposed	Current	Proposed	Current	Proposed	
BASEBALL FIELDS - New User Class Structure							
Blakely - Practice	\$21/41	\$ 50.00	\$21/41	\$ 60.00	\$62/82	\$ 75.00	\$3.50/hr - 1 agency response
Blakely - Game	\$35/\$68	\$ 70.00	\$35/\$68	\$ 80.00	\$103/137	\$ 100.00	\$3.50/hr - \$350/game
Blakely - Doubleheader NEW		\$ 100.00		\$ 110.00		\$ 140.00	\$3.50/hr - \$144/game
Yamashita Field (Kofu) - Practice	\$21/41	\$ 65.00	\$21/41	\$ 75.00	\$62/82	\$ 100.00	\$3.50/hr - 1 agency response
Yamashita Field (Kofu) - Game	\$35/\$68	\$ 85.00	\$35/\$68	\$ 95.00	\$103/137	\$ 125.00	\$3.50/hr - \$350/game
Yamashita Field (Kofu) - Doubleheader	\$37/\$73	\$ 115.00	\$37/\$73	\$ 125.00	\$110/147	\$ 155.00	\$3.50/hr - \$144/game
Yamashita Field (Kofu) - Tourney NEW		\$ 130.00		\$ 130.00		\$ 130.00	\$10.50/hr
Yamashita Field (Kofu) - Lights NEW		\$ 10.00		\$ 10.00		\$ 10.00	
Zupo Field - Practice	\$21/41	\$ 80.00	\$21/41	\$ 90.00	\$62/82	\$ 120.00	\$3.50/hr - 1 agency response
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Zupo Field - Doubleheader	\$37/\$73	\$ 130.00	\$37/\$73	\$ 140.00	\$110/147	\$ 180.00	\$3.50/hr - \$144/game
Zupo Field - Tourney NEW		\$ 130.00		\$ 130.00		\$ 130.00	\$10.50/hr
Zupo Field Lights - New		\$ 20.00		\$ 20.00		\$ 20.00	
<u>SOCCER FIELD</u>							
Kofu Park Soccer Field NEW		\$ 70.00		\$ 75.00		\$ 90.00	\$3.30/hr - \$3100/day
Kofu Park Soccer Field Lights NEW		\$ 10.00		\$ 10.00		\$ 10.00	
<u>WHOLE PARK AREAS - NEW</u>							
Lodi Lake Park (whole, excluding nature area)		\$ 2,500.00		\$ 3,500.00		\$ 5,000.00	
Lodi Lake Park (north side)		\$ 700.00		\$ 1,000.00		\$ 1,500.00	
Lodi Lake Extra Day (cleanup/setup)		\$ 300.00		\$ 300.00		\$ 300.00	
Beckman Park (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Hale Park (grandstand/parking areas)		\$ 300.00		\$ 500.00		\$ 800.00	
Henry Graves (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Grape Bowl (cleanup/setup)	\$ 250.00	\$ 300.00	\$ 250.00	\$ 300.00	\$ 500.00	\$ 300.00	
Lawrence Park		\$ 300.00		\$ 500.00		\$ 800.00	
Peterson Park (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Vinewood Park (basin area)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Zupo Field (non-athletic events)		\$ 500.00		\$ 700.00		\$ 1,000.00	
Kofu Skate Park - 4 hr min.		\$ 100.00/hr		\$ 100.00/hr		\$ 125.00/hr	
All whole park areas:							
Plus cost of city services							
10% of proceeds for Groups C and D <i>for profit</i> events							

Lodi Parks and Recreation
2005/06 Proposed Fee Adjustments

Description	User Group B		User Group C		User Group D		Other Agency Comparison
	Current	Proposed	Current	Proposed	Current	Proposed	
MISCELLANEOUS *							
All Veterans Plaza - Community events		\$ -					
All Veterans Plaza - Private events		\$25 p/h		\$25 p/h		\$50 p/h	

* The Parks and Recreation Commission recommends that events held at the All Veterans Plaza be limited to those that publicly honor veterans and/or military personnel and are in keeping with the memorial and patriotic theme of the plaza and as such, no rental fees should be assessed for use of the facility.

Definitions:

Group B: Local non-profits with a 501(c)(3) designation

Group C: Individuals, agencies, organizations and businesses within the incorporated Lodi city limits

Group D: All individuals, agencies, organizations, and businesses **outside** the incorporated Lodi city limits



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution establishing and adjusting rental fees for Hutchins Street Square (COM)

MEETING DATE: January 18, 2006

PREPARED BY: Tea Silvestre, Community Center Director

RECOMMENDED ACTION: Adopt resolution approving rental fees for Hutchins Street Square.

BACKGROUND INFORMATION: In March of 1998, the City Council approved the establishment of rental fees for Hutchins Street Square which included the amount of fees and deposits to be charged for the use of facility space as well as ancillary or supplemental equipment. Between 1998 and 2002, those rental fees were steadily increased to what is shown on exhibit 1 under "Current" fees.

After benchmarking rental fees of other local and regional facilities; and after careful analysis of the community center's current occupancy rates, staff recommends that current rental rates remain in place for the higher traffic days of Thursday through Saturday. For Sundays through Wednesdays, staff recommends offering a discount of 12-50% (depending on the specific space) to encourage greater utilization. Additionally, staff proposes that exterior areas of the Square have rental charges associated with their use as noted on the attached exhibit.

The Hutchins Street Square Board of Directors and the City's Budget Committee have reviewed this proposal.

In fiscal year 2004-05, rental activities of all spaces and ancillary equipment generated revenues of \$259,353 – recovering approximately 68% of costs associated with providing those services. In fiscal year 2005-06, rental activities of all spaces and ancillary equipment are estimated to generate revenues of \$371,650 – and budgeted to recover approximately 80% of costs associated with providing those services.

Attached for your consideration are exhibits showing 1) current and proposed rental fees; 2) current occupancy rates; and 3) cost recovery breakdowns for last fiscal year and an estimated recovery for this fiscal year.

FISCAL IMPACT: The City should realize additional revenues in the form of additional rentals of the Hutchins Street Square facility.

FUNDING: None. No funding is required for this proposal.

Tea Silvestre,
Community Center Director

APPROVED: _____
Blair King, City Manager

**Community Center - Hutchins Street Square
Proposed Fee Adjustments**

Exhibit 1a

Description	User Group A						User Group B					
	Current	Proposed					Current	Proposed				
		Sun-Wed	Discount	DEPOSIT	Thur-Sat	DEPOSIT		Sun-Wed	Discount	DEPOSIT	Thur-Sat	DEPOSIT
PRICE PER DAY												
ENTIRE INSIDE SQUARE*	\$0	\$3,500	36%	\$3,000	\$5,500	\$3,000	\$0	\$2,500	16%	\$3,000	\$3,000	\$3,000
ENTIRE INSIDE/OUTSIDE SQUARE*	\$0	\$4,500	30%	\$4,000	\$6,500	\$4,000	\$0	\$3,250	18%	\$4,000	\$4,000	\$4,000
CPL THEATRE	\$1,500	\$750	50%	\$700	\$1,500	\$700	\$700	\$500	28%	\$700	\$700	\$700
KIRST HALL	\$1,400	\$1,000	28%	\$600	\$1,400	\$600	\$600	\$500	16%	\$600	\$600	\$600
CRETE HALL	\$850	\$600	29%	\$400	\$850	\$400	\$400	\$350	12%	\$400	\$400	\$400
DAPHNE'S KITCHEN	\$400	\$250	37%	\$200	\$400	\$200	\$200	\$150	25%	\$200	\$200	\$200
THOMAS THEATRE	\$600	\$350	41%	\$300	\$600	\$300	\$300	\$200	33%	\$300	\$300	\$300
AMPHITHEATRE	\$600	\$350	41%	\$300	\$600	\$300	\$300	\$200	33%	\$300	\$300	\$300
COTTAGE ROOM	\$400	\$250	37%	\$200	\$400	\$200	\$200	\$150	25%	\$200	\$200	\$200
PISANO ROOM	\$400	\$250	37%	\$200	\$400	\$200	\$200	\$150	25%	\$200	\$200	\$200
COTTAGE-PISANO COMBINED	\$700	\$475	32%	\$400	\$700	\$400	\$400	\$275	31%	\$400	\$400	\$400
GREEN ROOM (per hour)	\$30	\$20	33%	\$15	\$30	\$15	\$15	\$10	33%	\$15	\$15	\$15
ROTUNDA (when no other space is rented)	\$600	\$450	25%	\$300	\$600	\$300	\$300	\$250	33%	\$300	\$300	\$300
ARTS CLASSROOM (per hour)	\$0	\$25	0%	\$20	\$25	\$20	\$0	\$15	16%	\$20	\$20	\$20
SENIOR CENTER (per hour; after closing)	\$0	\$25	50%	\$30	\$50	\$30	\$0	\$20	33%	\$30	\$30	\$30
POOL (per hour; after closing)	\$0	N/A	n/a	\$65	\$70	\$65	\$0	N/A	N/A	\$65	\$65	\$65
OMEGA-NU STAGE/West Park**	\$0	\$750	37%	\$650	\$1,200	\$650	\$0	\$450	30%	\$650	\$650	\$650

Description	User Group C				User Group D	
	Current	Proposed		Thur-Sat	Sun-Sat	Sun-Sat
		Sun-Wed	Discount			
PRICE PER DAY						
ENTIRE INSIDE SQUARE*	\$0	\$1,300	13%	\$1,500	\$0	\$0
ENTIRE INSIDE/OUTSIDE SQUARE*	\$0	\$1,700	15%	\$2,000	\$0	\$0
CPL THEATRE	\$350	\$250	28%	\$350	\$0	\$0
KIRST HALL	\$300	\$250	16%	\$300	\$0	\$0
CRETE HALL	\$200	\$175	12%	\$200	\$0	\$0
DAPHNE'S KITCHEN	\$100	\$75	25%	\$100	\$0	\$0
THOMAS THEATRE	\$150	\$125	16%	\$150	\$0	\$0
AMPHITHEATRE	\$150	\$125	16%	\$150	\$0	\$0
COTTAGE ROOM	\$100	\$75	25%	\$100	\$0	\$0
PISANO ROOM	\$100	\$75	25%	\$100	\$0	\$0
COTTAGE-PISANO COMBINED	\$200	\$150	25%	\$200	\$0	\$0
GREEN ROOM (per hour)	\$0	\$0	0%	\$0	\$0	\$0
ROTUNDA (when no other space is rented)	\$150	\$100	33%	\$150	\$0	\$0
ARTS CLASSROOM (per hour)	\$0	\$0	n/a	\$0	\$0	\$0
SENIOR CENTER (per hour; after closing)	\$0	\$0	n/a	\$0	\$0	\$0
POOL (per hour; after closing)	\$0	N/A	n/a	\$60	\$0	\$0
OMEGA-NU STAGE/West Park**	\$0	\$300	14%	\$350	\$0	\$0

Definitions:

Group A: Individuals; for-profit businesses
Group B: Local non-profits with a 501(c)(3) designation
Group C: City Associates (Arts Commission; HSS Instructors; other appointed boards, commissions groups)
Group D: City (subject to bump w/in 30 days of a Group A booking)

NOTE: Security Deposits will be collected on rentals for Groups A & B equal to the full rental rate for Thur-Sat of Group B.

*Inside of Square = Theatre, Rotunda, Kirst Hall, Crete Hall, Daphne's Kitchen, Thomas Theatre, Cottage/Pisano Rooms ONLY

**Whole West Park must have approval of City Manager first

Rental Fees do not include charges for additional items, security guards or other labor

Supplemental/ Ancillary Equipment Rental Fees

Exhibit 1b

Item	Current Fee (ea.)	Proposed Fee (ea.)	Set-up	Deposit - On-site use	Deposit - Off-site Use
Easels (metal)	\$0	\$5	\$0	None	\$100
Easels (wood - see Arts Comm)	\$0	\$10	\$0	None	\$200
Art Panel w/ hangers	\$25	\$25	\$0	None	n/a
8 x 6 x 24 riser (stage)	\$30	\$50	\$0	None	\$1,000
8 x 6 x 8 riser (stage)	\$30	\$30	\$0	None	\$1,000
8' wood beverage bar	\$0	\$95	\$0	None	n/a
6' wood beverage bar	\$0	\$75	\$0	None	n/a
5' projection screen	\$30	\$30	\$0	None	\$150
Podium (Amplified)	\$30	\$30	\$0	None	n/a
Overhead projector w/ table	\$40	\$40	\$0	None	\$250
TV/VCR combo	\$30	\$30	\$0	None	n/a
Tent Canopy - 10' x 10'	\$40	\$95	\$0	None	\$500
Tent Canopy - 20' x 30'	\$40	\$300	\$0	None	\$1,000
THEATRICAL					
STRIP LIGHTS	\$10	\$10	\$0	None	n/a
FIXED LIGHTS	\$2.50	\$2.50	\$0	None	n/a
SPOTLIGHTS	\$25	\$25	\$0	None	n/a
ORCHESTRA SHELL	\$150	\$150	\$600	None	n/a
MUSIC STAND LIGHTS	\$1.50	\$1.50	\$0	None	n/a
PIANO RENTAL (CPL)	\$250	\$250	\$0	None	n/a
PIANO RENTAL (Kirst)	\$240	\$240	\$0	None	n/a
PIANO TUNE	<i>prevailing rate + 10%</i>	<i>prevailing rate + 10%</i>	\$0	None	n/a
Piano moving	<i>prevailing rate + 10%</i>	<i>prevailing rate + 10%</i>	\$0	None	n/a
LEVEL ONE TECH per 8 hrs	\$300	\$300	\$0	None	n/a
LEVEL ONE TECH OT/per HR	\$55	\$55	\$0	None	n/a
LEVEL TWO TECH per hour	\$16	\$16	\$0	None	n/a
LEVEL TWO TECH OT/per HR	\$24	\$24	\$0	None	n/a
Tables/Chairs Set Up-Tear Down Fee					
- Banquet Kirst	\$0	\$0	n/a	None	n/a
- Banquet Crete	\$0	\$0	n/a	None	n/a
- Banquet Thomas	\$0	\$0	n/a	None	n/a
- Banquet Cottage/Pisano	\$0	\$0	n/a	None	n/a
- Lecture Kirst	\$0	\$0	n/a	None	n/a
- Lecture Crete	\$0	\$0	n/a	None	n/a
- Lecture Thomas	\$0	\$0	n/a	None	n/a
- Lecture Cottage/Pisano	\$0	\$0	n/a	None	n/a
Linens (white only/all sizes)	\$0	\$10	\$0	None	n/a
Coffee pot - 100 cup	\$0	\$25	\$0	None	\$100
Coffee pot - 50 cup	\$0	\$15	\$0	None	\$75
Security Guard	<i>prevailing rate + 10%</i>	\$17/per hr	\$25/per hr for OT		
Insurance	<i>prevailing rate</i>				
NOTE: n/a = item NOT available for use off-site					

OCCUPANCY PER SPACE/PER DAY (ALL CLIENTS - July thru Sept 2005)

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	TOT AVG
<i>Kirst Hall</i>	0%	0%	100%	100%	25%	38%	92%	51%
<i>Crete Hall/kitchen</i>	0%	7%	53%	100%	42%	33%	26%	37%
<i>Thomas Theatre</i>	0%	61%	100%	76%	100%	57%	30%	61%
<i>Cottage Room</i>	8%	0%	7%	92%	58%	50%	15%	33%
<i>Pisano Room</i>	0%	46%	7%	46%	50%	14%	7%	24%
<i>Wishek Amph</i>	0%	23%	53%	53%	33%	7%	0%	24%
<i>CPL Theatre</i>	7%	0%	0%	15%	16%	7%	15%	9%
<i>Green Room</i>	7%	7%	60%	61%	16%	21%	8%	26%
<i>Arts Classroom</i>	0%	76%	92%	84%	83%	64%	38%	62%
TOT AVG	2%	24%	52%	70%	47%	32%	26%	36%

OCCUPANCY PER SPACE/PER DAY (PAID CLIENTS ONLY - July thru Sept 2005)*

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	TOT AVG
<i>Kirst Hall</i>	0%	0%	0%	7%	7%	14%	92%	17%
<i>Crete Hall/kitchen</i>	0%	0%	0%	100%	7%	28%	30%	24%
<i>Thomas Theatre</i>	0%	0%	15%	15%	0%	0%	0%	4%
<i>Cottage Room</i>	0%	0%	0%	7%	7%	7%	15%	5%
<i>Pisano Room</i>	0%	0%	0%	0%	7%	0%	7%	2%
<i>Wishek Amph</i>	0%	0%	0%	7%	0%	0%	0%	1%
<i>CPL Theatre</i>	8%	0%	0%	15%	15%	7%	15%	9%
<i>Green Room</i>	0%	0%	0%	11%	0%	0%	0%	2%
<i>Arts Classroom</i>	0%	0%	0%	0%	0%	0%	0%	0%
TOT AVG	1%	0%	2%	18%	5%	6%	18%	7%

*Arts Education classes not included

*Wednesday client in Crete Hall = Delta Blood Bank who is already paying a reduced rate. New rates would bring them into compliance.

2004-05 Cost Recovery Analysis

	Expenses	Revenue	% Recovered
PAT	\$231,927	\$82,678	35%
PAT-Box Office	\$181,927		
Administration	\$50,000		
RENTALS	\$150,000	\$176,675	115%
Administration	\$50,000		
Maintenance	\$100,000		
ARTS EDUCATION	\$156,262	\$115,352	74%
Arts Classes	\$136,262		
Maintenance	\$20,000		
POOL	\$169,088	\$90,152	53%
Swimming	\$119,088		
Maintenance	\$50,000		
YOUTH COMMISSION	\$38,160	\$21,738	57%
GIFT BOXES	\$1,036	\$652	63%
OTHER*	\$663,533	\$208	>1%
Administration	\$235,834		
Maintenance	\$192,342		
Arts & Culture	\$122,045		
Arts Commission	\$1,468		
Public Art	\$0		
Senior Center	\$111,821		
Senior Commission	\$23		
TOTALS:	\$1,410,006	\$487,455	35%

2005-06 Cost Recovery Analysis (Estimated)

	Expenses	Revenue	% Recovered
PAT	\$211,150	\$139,000	66%
PAT-Box Office	\$161,150		
Administration	\$50,000		
RENTALS	\$160,500	\$160,500	100%
Administration	\$50,000		
Maintenance	\$110,500		
ARTS EDUCATION	\$125,238	\$114,000	91%
Arts Classes	\$105,238		
Maintenance	\$20,000		
POOL	\$162,210	\$97,000	60%
Swimming	\$112,210		
Maintenance	\$50,000		
YOUTH COMMISSION	\$41,740	\$25,000	60%
GIFT BOXES	\$1,300	\$2,300	177%
OTHER*	\$580,562	\$7,500	1%
Administration	\$213,050		
Maintenance	\$131,400		
Arts & Culture	\$137,062		
Arts Commission	\$1,100		
Public Art	\$2,600		
Senior Center	\$94,400		
Senior Commission	\$950		
TOTALS:	\$1,282,700	\$545,300	43%

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE ESTABLISHMENT OF RENTAL
FEES FOR HUTCHINS STREET SQUARE

=====

BE IT RESOLVED, that the Lodi City Council does hereby approve the establishment of rental fees for use of facilities at Hutchins Street Square as shown on the attached Exhibit A and made a part of this Resolution.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 18, 2006 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____

Community Center - Hutchins Street Square
Proposed Fee Adjustments

Exhibit A

Description	User Group A						User Group B					
	Current	Proposed					Current	Proposed				
		Sun-Wed	Discount	DEPOSIT	Thur-Sat	DEPOSIT		Sun-Wed	Discount	DEPOSIT	Thur-Sat	DEPOSIT
PRICE PER DAY												
ENTIRE INSIDE SQUARE*	\$0	\$3,500	36%	\$3,000	\$5,500	\$3,000	\$0	\$2,500	16%	\$3,000	\$3,000	\$3,000
ENTIRE INSIDE/OUTSIDE SQUARE*	\$0	\$4,500	30%	\$4,000	\$6,500	\$4,000	\$0	\$3,250	18%	\$4,000	\$4,000	\$4,000
CPL THEATRE	\$1,500	\$750	50%	\$700	\$1,500	\$700	\$700	\$500	28%	\$700	\$700	\$700
KIRST HALL	\$1,400	\$1,000	28%	\$600	\$1,400	\$600	\$600	\$500	16%	\$600	\$600	\$600
CRETE HALL	\$850	\$600	29%	\$400	\$850	\$400	\$400	\$350	12%	\$400	\$400	\$400
DAPHNE'S KITCHEN	\$400	\$250	37%	\$200	\$400	\$200	\$200	\$150	25%	\$200	\$200	\$200
THOMAS THEATRE	\$600	\$350	41%	\$300	\$600	\$300	\$300	\$200	33%	\$300	\$300	\$300
AMPHITHEATRE	\$600	\$350	41%	\$300	\$600	\$300	\$300	\$200	33%	\$300	\$300	\$300
COTTAGE ROOM	\$400	\$250	37%	\$200	\$400	\$200	\$200	\$150	25%	\$200	\$200	\$200
PISANO ROOM	\$400	\$250	37%	\$200	\$400	\$200	\$200	\$150	25%	\$200	\$200	\$200
COTTAGE-PISANO COMBINED	\$700	\$475	32%	\$400	\$700	\$400	\$400	\$275	31%	\$400	\$400	\$400
GREEN ROOM (per hour)	\$30	\$20	33%	\$15	\$30	\$15	\$15	\$10	33%	\$15	\$15	\$15
ROTUNDA (when no other space is rented)	\$600	\$450	25%	\$300	\$600	\$300	\$300	\$250	33%	\$300	\$300	\$300
ARTS CLASSROOM (per hour)	\$0	\$25	0%	\$20	\$25	\$20	\$0	\$15	16%	\$20	\$20	\$20
SENIOR CENTER (per hour; after closing)	\$0	\$25	50%	\$30	\$50	\$30	\$0	\$20	33%	\$30	\$30	\$30
POOL (per hour; after closing)	\$0	N/A	n/a	\$65	\$70	\$65	\$0	N/A	N/A	\$65	\$65	\$65
OMEGA-NU STAGE/West Park**	\$0	\$750	37%	\$650	\$1,200	\$650	\$0	\$450	30%	\$650	\$650	\$650

Description	User Group C				User Group D	
	Current	Proposed		Thur-Sat	Sun-Sat	Sun-Sat
		Sun-Wed	Discount			
PRICE PER DAY						
ENTIRE INSIDE SQUARE*	\$0	\$1,300	13%	\$1,500	\$0	\$0
ENTIRE INSIDE/OUTSIDE SQUARE*	\$0	\$1,700	15%	\$2,000	\$0	\$0
CPL THEATRE	\$350	\$250	28%	\$350	\$0	\$0
KIRST HALL	\$300	\$250	16%	\$300	\$0	\$0
CRETE HALL	\$200	\$175	12%	\$200	\$0	\$0
DAPHNE'S KITCHEN	\$100	\$75	25%	\$100	\$0	\$0
THOMAS THEATRE	\$150	\$125	16%	\$150	\$0	\$0
AMPHITHEATRE	\$150	\$125	16%	\$150	\$0	\$0
COTTAGE ROOM	\$100	\$75	25%	\$100	\$0	\$0
PISANO ROOM	\$100	\$75	25%	\$100	\$0	\$0
COTTAGE-PISANO COMBINED	\$200	\$150	25%	\$200	\$0	\$0
GREEN ROOM (per hour)	\$0	\$0	0%	\$0	\$0	\$0
ROTUNDA (when no other space is rented)	\$150	\$100	33%	\$150	\$0	\$0
ARTS CLASSROOM (per hour)	\$0	\$0	n/a	\$0	\$0	\$0
SENIOR CENTER (per hour; after closing)	\$0	\$0	n/a	\$0	\$0	\$0
POOL (per hour; after closing)	\$0	N/A	n/a	\$60	\$0	\$0
OMEGA-NU STAGE/West Park**	\$0	\$300	14%	\$350	\$0	\$0

Definitions:

Group A: Individuals; for-profit businesses
Group B: Local non-profits with a 501(c)(3) designation
Group C: City Associates (Arts Commission; HSS Instructors; other appointed boards, commissions groups)
Group D: City (subject to bump w/in 30 days of a Group A booking)

NOTE: Security Deposits will be collected on rentals for Groups A & B equal to the full rental rate for Thur-Sat of Group B.

*Inside of Square = Theatre, Rotunda, Kirst Hall, Crete Hall, Daphne's Kitchen, Thomas Theatre, Cottage/Pisano Rooms ONLY

**Whole West Park must have approval of City Manager first

Rental Fees do not include charges for additional items, security guards or other labor

Supplemental/ Ancillary Equipment Rental Fees

Item	Current Fee (ea.)	Proposed Fee (ea.)	Set-up	Deposit - On-site use	Deposit - Off-site Use
Easels (metal)	\$0	\$5	\$0	None	\$100
Easels (wood - see Arts Comm)	\$0	\$10	\$0	None	\$200
Art Panel w/ hangers	\$25	\$25	\$0	None	n/a
8 x 6 x 24 riser (stage)	\$30	\$50	\$0	None	\$1,000
8 x 6 x 8 riser (stage)	\$30	\$30	\$0	None	\$1,000
8' wood beverage bar	\$0	\$95	\$0	None	n/a
6' wood beverage bar	\$0	\$75	\$0	None	n/a
5' projection screen	\$30	\$30	\$0	None	\$150
Podium (Amplified)	\$30	\$30	\$0	None	n/a
Overhead projector w/ table	\$40	\$40	\$0	None	\$250
TV/VCR combo	\$30	\$30	\$0	None	n/a
Tent Canopy - 10' x 10'	\$40	\$95	\$0	None	\$500
Tent Canopy - 20' x 30'	\$40	\$300	\$0	None	\$1,000
THEATRICAL					
STRIP LIGHTS	\$10	\$10	\$0	None	n/a
FIXED LIGHTS	\$2.50	\$2.50	\$0	None	n/a
SPOTLIGHTS	\$25	\$25	\$0	None	n/a
ORCHESTRA SHELL	\$150	\$150	\$600	None	n/a
MUSIC STAND LIGHTS	\$1.50	\$1.50	\$0	None	n/a
PIANO RENTAL (CPL)	\$250	\$250	\$0	None	n/a
PIANO RENTAL (Kirst)	\$240	\$240	\$0	None	n/a
PIANO TUNE	<i>prevailing rate + 10%</i>	<i>prevailing rate + 10%</i>	\$0	None	n/a
Piano moving	<i>prevailing rate + 10%</i>	<i>prevailing rate + 10%</i>	\$0	None	n/a
LEVEL ONE TECH per 8 hrs	\$300	\$300	\$0	None	n/a
LEVEL ONE TECH OT/per HR	\$55	\$55	\$0	None	n/a
LEVEL TWO TECH per hour	\$16	\$16	\$0	None	n/a
LEVEL TWO TECH OT/per HR	\$24	\$24	\$0	None	n/a
Tables/Chairs Set Up-Tear Down Fee					
- Banquet Kirst	\$0	\$0	n/a	None	n/a
- Banquet Crete	\$0	\$0	n/a	None	n/a
- Banquet Thomas	\$0	\$0	n/a	None	n/a
- Banquet Cottage/Pisano	\$0	\$0	n/a	None	n/a
- Lecture Kirst	\$0	\$0	n/a	None	n/a
- Lecture Crete	\$0	\$0	n/a	None	n/a
- Lecture Thomas	\$0	\$0	n/a	None	n/a
- Lecture Cottage/Pisano	\$0	\$0	n/a	None	n/a
Linens (white only/all sizes)	\$0	\$10	\$0	None	n/a
Coffee pot - 100 cup	\$0	\$25	\$0	None	\$100
Coffee pot - 50 cup	\$0	\$15	\$0	None	\$75
Security Guard	<i>prevailing rate + 10%</i>	\$17/per hr	\$25/per hr for OT		
Insurance	<i>prevailing rate</i>				
NOTE: n/a = item NOT available for use off-site					



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Amendment to San Joaquin Council of Governments Joint Powers Agreement to Add Two Additional Voting Members to the Board, One Each from the San Joaquin County Board of Supervisors and the City of Stockton

MEETING DATE: January 18, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution approving an amendment to the San Joaquin Council of Governments Joint Powers Agreement to add two additional voting members to the Board, one each from the San Joaquin County Board of Supervisors and the City of Stockton.

BACKGROUND INFORMATION: The City has received the attached letter from the San Joaquin Council of Governments (SJCOG) requesting that the City ratify a proposed amendment to the Joint Powers Agreement. The amendment primarily adds two voting members to the Board – one from the San Joaquin County Board of Supervisors and one from the City of Stockton. The amendment also raises the quorum level from six to seven. In addition, the amendment makes minor editorial changes, as shown on the attachments.

The change is being recommended in response to a request from the City of Stockton for increased representation given the under representation compared to Stockton's population. This disparity is summarized in the following table:

Agency	Population % of SJ County	Current # of Board Seats, %	Proposed # of Board Seats/%
Escalon	1.1 %	1, 10 %	1, 8.33 %
Lathrop	1.9 %	1, 10 %	1, 8.33 %
Lodi	9.6 %	1, 10 %	1, 8.33 %
Manteca	9.5 %	1, 10 %	1, 8.33 %
Ripon	2.0 %	1, 10 %	1, 8.33 %
Stockton	42.8 %	2, 20%	3, 25.0 %
Tracy	12.0 %	1, 10 %	1, 8.33 %
Unincorporated Area/ Board of Supervisors*	21.2 %	2, 20%	3, 25.0 %
Total:		10 / 100%	12 / 100%

* Note, the Board of Supervisors also represents constituents within the incorporated areas.

APPROVED: _____
Blair King, City Manager

Clearly on a population/representation basis, the request should be considered. However, SJCOG is much more than simply a population-based organization. SJCOG is collaborative decision-making organization tasked with managing a variety of regional issues, programs and funding.

The second and third pages of the Joint Powers Agreement describe the regional nature of SJCOG and page four lists the specific programs for which SJCOG acts as the managing agency. In addition, the voter-approved ordinance that established the ½ cent transportation sales tax in San Joaquin County – Measure K – names the SJCOG as the Local Transportation Authority to manage the program as described in State law.

The continued success of SJCOG and the way it operates is vital to Lodi, the other cities and San Joaquin County as a whole. The proposed amendment provides a stronger voice for the largest city – albeit only by a small amount – and is balanced by a stronger voice from the Board of Supervisors, who represents the entire County, including city residents. The change is minimal for the remaining cities and is tempered by requirements that:

- a) A seven-member quorum is required to conduct business (increased from six).
- b) A majority of the members and those representing at least 55% of the population are needed to amend the JPA and to adopt the annual budget.
- c) A two-thirds majority is required (in the Measure K ordinance) for amendments to the Expenditure Plan and Ordinance.

In the end analysis, the proposed amendment is relatively minor; however, the important point is that the members continue to work together for the betterment of the region. The amendment addresses the concerns of the elected officials representing the majority of the population, and staff fully supports the request.

FISCAL IMPACT: No funding is required for this action. Any future impacts to City transportation funding will depend on SJCOG Board actions.

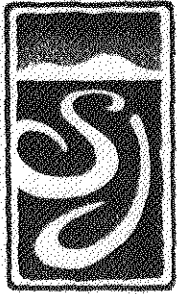
FUNDING AVAILABLE: Not applicable.

Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Attachments

cc: Andrew Chesley, SJCOG Executive Director



SAN JOAQUIN COUNCIL OF GOVERNMENTS

555 E. Weber Avenue • Stockton, California 95202

209.468.3913 • 209.468.1084 fax

www.sjcoog.org

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CITY CLERK
CITY OF LODI

December 15, 2005

Gary L. Huskin
CHAIR

John Harris
VICE CHAIR

Andrea Green
INTERIM EXECUTIVE
DIRECTOR

Member Agencies:
CITIES OF
FALCON
FITCHES
LODI
MANTENO
RIPON
STOCKTON
TRACY
AND
THE COUNTY OF
SAN JOAQUIN

Susan Hitchcock, Mayor
City of Lodi
P.O. Box 3006
Lodi, CA 95241

<input type="checkbox"/> CC	<input type="checkbox"/> HR
<input checked="" type="checkbox"/> CM	<input type="checkbox"/> IS
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Dear Mayor Hitchcock,

On December 8, 2005, the San Joaquin Council of Governments (SJCOG) Board of Directors took a giant step on the road to having the renewal of Measure K on the November 2006 ballot. The Board unanimously (7-0) adopted an amended Joint Powers Agreement (JPA) creating two additional voting members on the Board, one each from the San Joaquin County Board of Supervisors and the City of Stockton. In so doing, the Board accepted the October 28th recommendation of the Governance Working Group (voting 6-0 with representatives from Lodi and Ripon absent) following months of discussion, deliberation, negotiation and in the end, significant compromise.

The Management & Finance Committee reviewed the amendment language on November 16th unanimously recommending adoption (7-0, Ripon absent). The Executive Committee unanimously voted (3-0) on November 18 to recommend adoption of the amendment.

The next step to finalizing the JPA amendment process is for the SJCOG member agencies to approve the Board's action. The JPA will be considered amended after a majority of the member agencies representing at least 55% of the population of San Joaquin County, based upon the latest population estimates of the California Department of Finance, approves the amendment. In other words, at least five of the eight member agencies representing at least 55% of the county population must approve the amendment for it to become effective.

Attached is the adopted draft of the JPA prepared by SJCOG counsel blacklined to show the proposed changes. (A clean version is also attached.) While there appears to be many changes, most are formatting and editorial changes. The one substantive change amends Section 4 of the JPA adding an additional representative each from the

Susan Hitchcock, Mayor
December 15, 2005
Page 2

Stockton City Council and the County Board of Supervisors. Further, Section 4 changes the number of members present to establish a quorum as seven (7).

Other changes include:

- Standardizing the acronym for the Council of Governments as SJCOG
- Standardizing the capitalization of "City", "Cities" and "County"
- Removing the term "member" in reference to the cities so that member solely means a member of the Board of Directors. "Party" now refers to the member agencies or the cities and the county
- Updating statute citations
- Numbering sections, providing titles and updating some language

Once the threshold is achieved, the JPA is considered ratified, therefore, I am requesting this matter be placed on your agenda as soon as possible. SJCOG staff is prepared to attend the meeting at which you take action to answer any questions your policy makers might have. Please contact Steve Dial, SJCOG Director of Administration/CFO with any questions you might have and with the date and time of your meeting.

Thank you for assisting in reaching settlement of this very important issue for the region.

Sincerely,


GARY L. HASKIN
Chair, San Joaquin Council of Governments

Cc: SJCOG Board of Directors
County Administrator and City Managers

**AMENDED AND RESTATED
JOINT POWERS AGREEMENT
ESTABLISHING THE SAN JOAQUIN COUNCIL
OF GOVERNMENTS**

THIS AGREEMENT is entered into as of _____, 2006, by and between the incorporated cities of Escalon, Manteca, Lathrop, Lodi, Ripon, Stockton, and Tracy, all municipal corporations and the County of San Joaquin, a political subdivision of the State of California. The municipal corporations are sometimes referred to individually as "City" and collectively as "Cities." The County of San Joaquin is sometimes referred to as "County." The Cities and County are sometimes referred to individually as a "Party" and collectively as "Parties."

WITNESSETH:

1. RECITALS.

1.1. Common Power. Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code authorizes two (2) or more public agencies to jointly exercise any power common to them.

1.2. Common Authority. The City of Stockton, by virtue of its charter and the Cities of Escalon, Lathrop, Lodi, Manteca, Ripon, Tracy, and the County of San Joaquin, by virtue of California Government Code Section 65600 through 65604, inclusive, possess in common the authority:

1.2.1. To study, discuss, and develop solutions to area-wide problems of direct concern to the performance of their constitutional and statutory functions and to establish an area planning organization and expend public funds for these purposes.

1.2.2. To do all acts necessary to participate in federal programs and receive federal funds for health, education, welfare, public works, and community improvement activities, including contracting and cooperating with other agencies.

1.3. Orderly Development. The people residing within the incorporated and unincorporated areas of San Joaquin County have an interest in the orderly development of their communities.

1.4. Independent Agency. The continued growth and extensive development within the incorporated and unincorporated areas of San Joaquin County

evidenced a need to create a wholly independent regional agency capable of dealing with area-wide issues and problems.

1.5. Predecessor. The foregoing need led to the creation and establishment of the SAN JOAQUIN COUNCIL OF GOVERNMENTS on July 1, 1970.

1.6. Effects. The establishment of SAN JOAQUIN COUNCIL OF GOVERNMENTS (hereinafter referred to as "SJCOG") has:

1.6.1. Provided a forum to study and develop solutions to area-wide problems of mutual concern to the various governmental entities in San Joaquin County.

1.6.2. Provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources.

1.6.3. Provided for the establishment of an agency responsible for identifying, planning, and developing solutions to regional problems requiring multijurisdictional cooperation.

1.6.4. Provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties.

1.6.5. Facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members.

1.7. Amendment. The Cities of Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy and the County of San Joaquin, at this time, desire to amend that certain joint powers agreement of March 1, 1991, as subsequently amended on December 7, 2000, and enter into this Amended and Restated Agreement in order to establish the duties and powers of the SAN JOAQUIN COUNCIL OF GOVERNMENTS.

1.8. Transportation Authority. The County designated the SAN JOAQUIN COUNCIL OF GOVERNMENTS as the San Joaquin County Transportation Authority.

NOW, THEREFORE, it is mutually agreed as follows:

2. STATEMENT OF PURPOSE

The member Cities and the County have joined together to establish SJCOG for the following reasons:

2.1. Area-Wide Opportunities. A number of opportunities and issues within the area are either area-wide in nature or have area-wide aspects or implications, including, but not limited to transportation, air quality, land use, economic development, job creation, and the reduction of unemployment, the protection of agricultural productivity, and multi-species habitat management issues.

2.2. Need. There is a demonstrated need for the establishment of an organization of the Cities and the County within the area to provide a forum for study and development of recommendations to area-wide problems of mutual interest and concern to the Cities and the County and to facilitate the development of policies and action recommendations for the solution of problems.

2.3. Independent Review. The Cities and the County wish to create an area-wide organization which will independently review and make comments to the member Cities and the County regarding projects which receive federal or state funding.

2.4. Elected Officials. The Cities and the County believe that an area-wide planning organization, governed solely by elected officials from the Cities and the County, with a staff independent of any City or the County, is best suited for area-wide planning and review.

2.5. Area-Wide Problems. The Cities and the County, working together through this organization, can exercise initiative, leadership, and responsibility for solving area-wide problems.

2.6. Allocation of Resources. The Cities and the County share common area-wide problems and issues, and at the same time, have different needs and priorities and are affected in different ways by these common area-wide problems and issues. The resources of SJCOG should be allocated in a manner so that the needs of any portion of the area are not ignored, recognizing, however, that resources are limited and that not all needs can be met, nor all portions of the area assisted equally at any one time.

3. ESTABLISHMENT OF SJCOG

3.1. Continued Public Entity. Upon the effective date of this Agreement, the Parties hereto hereby continue the SAN JOAQUIN COUNCIL OF

GOVERNMENTS, as a public entity separate and distinct from the Parties, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

3.2. Functions. SJCOG is the successor entity to the Council Of Governments established in 1970, insofar as its predecessor entity has been designated, and insofar as legally authorized, it shall continue to function as:

3.2.1. The Area-wide Planning Organization (APO) as designated by the U.S. Department of Housing and Urban Development (HUD).

3.2.2. The Metropolitan Planning Organization (MPO) as designated by the U.S. Department of Transportation; pursuant to Title 23 of United States Code, Section 134 (23 USC 134) and Title 49 of the United States Code, Section 5303(b)(2).

3.2.3. The Regional Transportation Planning Agency (RTPA) as designated by the Secretary of Business and Transportation Agency of the State of California; pursuant to California Government Code Sections 65080, et seq.

3.2.4. The Airport Land Use Commission (ALUC) as designated by the Board of Supervisors of the County of San Joaquin and recognized by the State of California; pursuant to California Public Utilities Code, Section 21670(b).

3.2.5. The regional planning representative, as designated by the Parties hereto, for the purpose of acting upon any appropriate proposals which may be presented to the SJCOG Board of Directors for consideration, or which the SJCOG Board of Directors may elect to take up, and for transmission of proposed recommendations to Federal, State, and local agencies, including, but not limited to the member entities of SJCOG.

3.2.6. The San Joaquin County Transportation Authority as designated by the Board of Supervisors of San Joaquin County pursuant to Section 180000 of the California Public Utilities Code.

3.2.7. The Census Data Center as designated by the Bureau of the Census.

3.2.8. The Congestion Management Agency for San Joaquin County pursuant to California Government Code Sections 65088 and 65089 and Title 23 of the United States Code Section 134.

3.2.9. The Federal Clearinghouse to review federal grant applications under Section 6506 of Title 23 of the United States Code Annotated.

4. COOPERATION

The Parties to this Agreement pledge full cooperation and agree to assign representatives to serve as official members of the SJCOG Board or any committee or subcommittee thereof, which members shall act for and on behalf of their Cities or the County in any and all matters which shall come before SJCOG, subject to any necessary and legal approvals of their acts by the legislative bodies of the Cities and the County.

5. MEMBERSHIP

5.1. Board. SJCOG shall be governed by a Board of Directors, herein referred to as the SJCOG Board, which shall be comprised of:

5.1.1. One (1) member from each of the City Councils of Escalon, Lathrop, Lodi, Manteca, Ripon, and Tracy (with the Mayor an eligible member).

5.1.2. Three (3) members from the Stockton City Council (with the Mayor an eligible member).

5.1.3. Three (3) members of the Board of Supervisors of the County of San Joaquin.

5.1.4. Ex-officio non-voting members acting in an advisory capacity shall be:

5.1.4.1. The District Director from the State Department of Transportation, District X.

5.1.4.2. A member of the San Joaquin Regional Transit District Board of Directors.

5.1.4.3. A member of the Stockton Port District Board of Commissioners.

5.2. Appointment. Members shall be appointed by the governing body of each Party and shall serve at the pleasure of their appointing body or until their respective successors are appointed. Termination of a Party's mayor, councilperson, or supervisor status shall constitute automatic termination of that person's membership on the SJCOG Board. The appointing body of a Party may appoint a new member or alternate immediately upon any vacancy in the Party's representation.

5.3. Alternates. The governing body of each Party shall appoint alternate members to the SJCOG Board. During the absence of a regular member from any meeting of the SJCOG Board, the alternate shall be entitled to participate in all respects as a regular member of the SJCOG Board. All members and alternates shall be duly elected representatives of their respective City Councils or Board of Supervisors.

5.4. Quorum. A quorum for conducting all matters of business shall be seven (7) members. The affirmative vote of a least a majority of the quorum present shall be required for the approval of any matter.

5.5. Rules. The SJCOG Board shall adopt rules of procedure and shall establish a time and place for regular SJCOG meetings. At any meeting the SJCOG Board may consider matters it deems proper for carrying out the purposes of this Agreement, subject to the provisions of California Government Code Section 54950 et seq.

5.6. Executive Committee. An Executive Committee shall be constituted from among the representatives of the Parties. The Executive Committee shall consist of five (5) members of the SJCOG Board elected by the SJCOG Board. One (1) member of the SJCOG Board shall be elected by the SJCOG Board to serve as the alternate member of the Executive Committee. During the absence of a regular member from any meeting of the Executive Committee, the alternate shall be entitled to participate in all respects as a regular member of the Executive Committee. The Chairperson of SJCOG shall be the Chairperson of the Executive Committee and shall serve on it as the representative of his/her jurisdiction. The Executive Committee shall have powers as are not inconsistent with this Agreement and as delegated to it by the SJCOG By-laws or the SJCOG Board.

5.7. Bylaws. The Bylaws of the SJCOG shall be those adopted following the adoption of this Amended and Restated Agreement by the SJCOG Board, and may thereafter be amended from time to time by the SJCOG Board.

6. POWERS AND FUNCTIONS

6.1. Specific Functions. SJCOG shall have the common power of the Parties hereto to establish, administer and operate area-wide programs, and in the exercise of that power, SJCOG is authorized in its own name to:

6.1.1. Employ an executive director as the chief administrative officer of the agency.

6.1.2. Employ agencies and employees and contract for professional services.

6.1.3. Make and enter into contracts.

6.1.4. Operate transportation and other services and facilities.

6.1.5. Undertake the planning, design and environmental clearance of transportation and other projects.

6.1.6. Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.

6.1.7. Acquire, hold, and convey real and personal property.

6.1.8. Incur debts, obligations, and liabilities.

6.1.9. Accept contributions, grants, or loans from any public or private agency or individual, or the United States or any department, instrumentality, or agency thereof, for the purpose of financing its activities.

6.1.10. Invest money that is not needed for immediate necessities, as the Board determines advisable, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.

6.1.11. Have appointed board members and ex-officio board members serve with or without compensation from the SJCOG.

6.1.12. Sue and be sued, in its own name only, but not in the name or stead of any member entity.

6.1.13. Make loans to Parties for projects approved by the SJCOG Board on terms, and interest rates, and with security, as may be established by the SJCOG Board.

6.1.14. To operate, either directly by SJCOG employees, or by independent contractors, programs approved by the SJCOG Board, such as, but not limited to, ridesharing programs, freeway service patrol programs, and habitat conservation programs, including the maintenance and operation of habitat conservation lands.

6.1.15. To provide services, including operational services, outside San Joaquin County, if fully compensated for the services, or in cooperative projects involving other public agencies.

6.1.16. To do all other acts reasonable and necessary to carry out the purpose of this Agreement.

6.2. Limitation. The powers to be exercised by SJCOG are subject to the restrictions upon the manner of exercising the powers as are imposed upon the County of San Joaquin in the exercise of similar powers.

6.3. Funds. SJCOG shall be held strictly accountable for all funds received, held and disbursed by it.

7. EXECUTIVE DIRECTOR

7.1. Powers and Duties. The executive director shall be selected by, and shall serve at the pleasure of and upon the terms prescribed by the SJCOG Board. The powers and duties of the executive director are:

7.1.1. To serve as the chief administrative officer of SJCOG and to be responsible to the SJCOG Board for the proper administration of all SJCOG affairs.

7.1.2. To appoint, supervise, suspend, discipline or remove SJCOG employees subject to those policies and procedures, from time to time, adopted by the SJCOG Board.

7.1.3. To supervise and direct the preparation of annual budget for the SJCOG and be responsible for its administration after adoption by the SJCOG Board.

7.1.4. To formulate and present to the SJCOG Board plans for SJCOG's activities and the means to finance them.

7.1.5. To supervise the planning and implementation of all SJCOG's activities.

7.1.6. To attend all meetings of the SJCOG Board and act as the secretary to the SJCOG Board.

7.1.7. To prepare and submit to the SJCOG Board periodic financial reports and, as soon as practicable after the end of each fiscal year, an annual report of the activities of SJCOG for the preceding year.

7.1.8. To have custody and charge of all SJCOG property other than money and securities.

7.1.9. To perform other duties as the SJCOG Board may require in carrying out the policies and directives of the SJCOG Board.

8. FINANCING

8.1. Fiscal Year. The SJCOG fiscal year shall be July 1 through June 30.

8.2. Annual Budget. On or before April 1st, the SJCOG shall adopt a budget for the ensuing fiscal year to commence on July 1, and shall submit the same for ratification to the governing body of each Party. Upon ratification of the proposed budget of the legislative bodies of the Parties, and representing at least 55% of the population within the County, the budget shall serve as the approved budget for the fiscal year in carrying out the tasks within the approved work program for the year. Any amendments to the budget shall be approved by the SJCOG Board.

8.3. Support by Parties. Any Party to this Agreement, in the exercise of the reasonable discretion of its governing body, may, upon mutual consent of the Parties, provide support for the SJCOG, its staff, and its professional consultants, including providing the quarters, janitorial services and maintenance, supplies, printing and duplication, postage, telephone services, transportation services, and professional and technical assistance as may be necessary to enable SJCOG to perform its responsibilities. All assistance shall be provided on an at-cost basis.

8.4. Eminent Domain and Taxes. Under no circumstances shall the SJCOG be empowered to exercise the right of eminent domain nor to levy taxes except as provided in Section 8.5 below. SJCOG shall apply for available State or Federal support funds, and shall make new and additional applications from time to time as appropriate. If deemed necessary, the SJCOG Board may also establish and collect filing and processing fees in connection with matters to be considered by it.

8.5. Measure K. In its role as the San Joaquin County Transportation Authority, SJCOG shall be empowered to levy and expend tax revenues authorized in San Joaquin County Transportation Authority Ordinance #91-01 and approved as Measure K on November 6, 1990 by the voters of San Joaquin County. This empowerment shall exist so long as San Joaquin County Transportation Authority Ordinance #91-01 is in effect and shall terminate when all San Joaquin County Transportation Authority Ordinance #91-01 taxes have been levied and expended.

9. TREASURER

9.1. Treasurer of County. The Treasurer of the County of San Joaquin shall be the Treasurer of SJCOG.

9.2. Duties. The Treasurer shall:

9.2.1. Receive and receipt all money of SJCOG and place it in the treasury of San Joaquin County to the credit of SJCOG.

9.2.2. Be responsible upon his official bond for the safekeeping and disbursement of all SJCOG money held by the Treasurer.

9.2.3. Pay any sums due from SJCOG, from SJCOG's funds held by the Treasurer or any portion thereof, upon warrants of the SJCOG controller designated herein.

9.2.4. Verify and report in writing as soon as possible after the first day of July, October, January, and April of each year to SJCOG the amounts of monies the Treasurer holds for SJCOG, the amount of receipts since the Treasurer's last report, and any interest accrued to those funds.

9.3. Reimbursement. SJCOG shall reimburse the County of San Joaquin for the cost of services provided by the County Treasurer to SJCOG upon an at-cost basis.

10. CONTROLLER

10.1. Auditor of County. The Auditor-Controller of the County of San Joaquin shall be the controller for the SJCOG.

10.2. Warrants. The Controller shall draw warrants to pay demands against SJCOG when the demands have been approved by the SJCOG Board and/or the SJCOG Executive Director. The Controller shall be responsible on the Controller's official bond for the Controller's approval of disbursement of SJCOG money.

10.3. Records. The Controller shall keep and maintain records and books of account on the basis of generally accepted accounting practices. The books of account shall include records of assets, liabilities, and contributions made by each Party to this Agreement.

10.4. Audit. The Controller shall make available all financial records of SJCOG to a certified public accountant or public accountant contracted by SJCOG to make an annual audit of the accounts and records of SJCOG. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code and shall conform to generally accepted auditing standards.

10.5. Reimbursement. SJCOG shall reimburse the County for the cost of services provided by the County Auditor-Controller to SJCOG upon an at-cost basis.

11. BOND REQUIREMENTS

The executive director and other employees of SJCOG as may be designated by the SJCOG Board, shall file with SJCOG an official fidelity bond in a penal sum determined by the Board as security for the safekeeping of SJCOG property entrusted to the employee. Premiums for the bonds shall be paid by SJCOG.

12. PARTIES' LIABILITY

The debts, liabilities, and obligations of SJCOG shall not be debts, liabilities or obligations of the Parties to this Agreement either singly or collectively.

13. ASSIGNABILITY

With the approval of, and upon the terms agreed upon by, the governing body of each Party to this Agreement, all or any of the rights and property subject to this Agreement may be assigned to further the purpose of this Agreement. Provided, however, no right or property of SJCOG shall be assigned without compliance with all conditions imposed by any state or federal entity from which SJCOG has received financial assistance.

14. WITHDRAWAL OF A PARTY

14.1. Withdrawal Procedure. A Party to this Agreement may, at any time, withdraw from SJCOG, following 90 days notice to SJCOG and all other Parties of SJCOG, by resolution of intent to withdraw adopted by the governing board of the withdrawing Party.

14.2. Obligations. Upon the effective date of the withdrawal the Party shall cease to be bound by this Agreement, but shall continue to provide financial support through the approved percentage of planning funds provided COG, as Transportation Planning Agency under the provisions of Section 99233.2 of the Transportation Development Act. SJCOG assets representing any accumulated capital contribution of the withdrawing Party shall remain subject to SJCOG control, depreciation and use without compensation to the withdrawing Party until termination of this Agreement and distribution of SJCOG assets.

15. TERMINATION AND DISSOLUTION

15.1. No Specific Term. This Agreement shall continue in force without specific term.

15.2. Disestablishment. If, at any time, those Cities and County which are members of SJCOG contain less than 55% of the population residing within the area of San Joaquin County, based upon the latest available population estimates by the California Department of Finance, and there are less than a majority of local governments remaining as Parties of SJCOG, SJCOG shall be deemed disestablished and this Agreement shall cease to be operative except for the purpose of payment of any existing obligations.

15.3. Distribution. If this Agreement is terminated, all real and personal property owned by SJCOG shall be distributed to the Federal, State, or local funding agency or Party to this Agreement that supplied the property or whose funding provided for the acquisition of the property unless other distribution is provided by law. Should the origin of any real or personal property be undeterminable, that property shall be disbursed to the Parties to this Agreement in proportion to the size of the jurisdiction as delineated in the latest California Department of Finance estimate of population. This Agreement shall not terminate until all property has been distributed in accordance with this provision.

16. RETURN OF SURPLUS FUNDS

Upon termination of this Agreement, any surplus money on hand shall be returned to the Federal, State, or local agency or the Party to this Agreement that provided the funds.

17. ADDITIONAL MEMBERS

In addition to the Cities identified in this Agreement, any city within San Joaquin County which may hereafter be incorporated and which desires to participate in the activities of SJCOG may do so by executing this Agreement without the prior approval or ratification of the named Parties to this Agreement and shall thereafter be a Party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

18. SUCCESSORS

This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the Parties.

19. SEVERABILITY

Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided the

remaining portions or provisions can be construed in substance to constitute the Agreement which the Parties intended to enter into in the first instance.

20. AMENDMENTS

This Agreement may be amended only after Parties who represent both a majority of the Parties and at least 55% of the population of San Joaquin County, based upon the latest population estimates of the California Department of Finance, approve the amendments.

21. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed will be deemed to be an original and all of which, taken together, will be deemed to be one and the same instrument.

22. TITLES AND HEADING.

The Section titles and the heading of this Agreement are for convenience only and shall not be used in interpreting this Agreement.

23. EFFECTIVE DATE OF AGREEMENT

This Amended and Restated Agreement shall become effective when the majority of the Cities and County representing more than 55% of the population of the County based upon the latest population estimates of the California Department of Finance, sign this Agreement. The population of the County for this purpose is the population of the unincorporated area.

///

///

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective offices as of:

APPROVED AS TO FORM

By: _____

Title: _____

ATTEST: _____

City Clerk

MAYOR

CITY OF ESCALON

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

MAYOR

CITY OF LATHROP

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

MAYOR

CITY OF LODI

*** Signatures Continued on Next Page ***

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

MAYOR

CITY OF MANTECA

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

MAYOR

CITY OF RIPON

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

MAYOR

CITY OF STOCKTON

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

MAYOR

CITY OF TRACY

APPROVED AS TO FORM:

By: _____

Title: _____

ATTEST: _____
City Clerk

CHAIRMAN

SAN JOAQUIN COUNTY

Amended March 1, 1991
Amended December 7, 2000
Amended _____, 2006

AMENDED AND RESTATED
JOINT POWERS AGREEMENT
ESTABLISHING THE SAN JOAQUIN COUNCIL
OF GOVERNMENTS

THIS AGREEMENT is entered into as of the 7th of December, 2000, of
2006, by and among between the incorporated cities of Escalon,
Manteca, Lathrop, Lodi, Ripon, Stockton, and Tracy, all municipal corporations and the
County of San Joaquin, a political subdivision of the State of California. The municipal
corporations are sometimes referred to individually as "City" and collectively as
"Cities." The County of San Joaquin is sometimes referred to as "County." The
Cities and County are sometimes referred to individually as a "Party" and
collectively as "Parties."

WITNESSETH:

WHEREAS, Chapter 5 of Division 7 of Title 1 (commencing with Section 6500)
of the California Government Code authorizes two (2) or more public agencies to jointly
exercise any power common to them; and

WHEREAS, the City of Stockton, by virtue of its charter and the cities of
Escalon, Lathrop, Lodi, Manteca, Ripon, Tracy, and the County of San Joaquin, by virtue
of California Government Code Section 65600 through 65604, inclusive, possess in
common the authority:

- a) To study, discuss, and develop solutions to area-wide problems of
direct concern to the performance of their constitutional and statutory functions
and to establish an area planning organization and expend public funds for these
purposes;
- b) To do all acts necessary to participate in federal programs and
receive federal funds for health, education, welfare, public works, and community
improvement activities, including contracting and cooperating with other
agencies; and

WHEREAS, the people residing within the incorporated and unincorporated areas
of San Joaquin County have an interest in the orderly development of their communities;
and

WHEREAS, the continued growth and extensive development within the
incorporated and unincorporated areas of San Joaquin County evidenced a need to create
a wholly independent regional agency capable of dealing with area-wide issues and
problems; and

WHEREAS, this need led to the creation and establishment of the SAN JOAQUIN COUNCIL OF GOVERNMENTS on July 1, 1970; and

WHEREAS, the establishment of SAN JOAQUIN ~~COG~~ COUNCIL OF GOVERNMENTS (hereinafter referred to as "~~COG~~" "SJCOG") has:

- a) Provided a forum to study and develop solutions to area-wide problems of mutual concern to the various governmental entities in San Joaquin County;
- b) Provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;
- c) Provided for the establishment of an agency responsible for identifying, planning, and developing solutions to regional problems requiring multijurisdictional cooperation;
- d) Provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- e) Facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the cities of Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy and the County of San Joaquin, at this time, desire to amend that certain joint powers agreement of March 1, 1991, as subsequently amended on December 7, 2000, and enter into this Amended and Restated Agreement in order to establish the duties and powers of the SAN JOAQUIN COUNCIL OF GOVERNMENTS;

WHEREAS, the County of ~~San Joaquin~~ designated the SAN JOAQUIN ~~COUNTY~~ COUNCIL OF GOVERNMENTS as the San Joaquin County Transportation Authority;

NOW, THEREFORE, it is mutually agreed as follows:

1. STATEMENT OF PURPOSE

The member cities Cities and the County have joined together to establish the Council SJCOG for the following reasons:

- a) A number of opportunities and issues within the area are either area-wide in nature or have area-wide aspects or implications, including, but not limited to transportation, air quality, land use, economic

development, job creation, and the reduction of unemployment, the protection of agricultural productivity, and multi-species habitat management issues.

b) There is a demonstrated need for the establishment of an organization of ~~cities~~ Cities and the County within the area provide a forum for study and development of recommendations to area-wide problems of mutual interest and concern to the ~~cities~~ Cities and the County and to facilitate the development of policies and action recommendations for the solution of such problems.

c) The ~~member-cities~~ Cities and the County wish to create an area-wide organization which will independently review and make comments to the member cities and the County regarding projects which receive federal or state funding.

d) The ~~member-cities~~ Cities and the County believe that an area-wide planning organization, governed solely by elected officials from the ~~member-cities~~ Cities and the County, with a staff independent of any ~~member-city~~ City or the County, is best suited for this area-wide planning and review.

e) ~~Member-cities~~ The Cities and the County, working together through this organization, can exercise initiative, leadership, and responsibility for solving area-wide problems.

f) ~~Member-cities~~ The Cities and the County share common area-wide problems and issues, and at the same time, have different needs and priorities and are affected in different ways by these common area-wide problems and issues. The resources of the ~~Council~~ SJCOG should be allocated in such a manner so that the needs of any portion of the area are not ignored, recognizing, however, that resources are limited and that not all needs can be met, nor all portions of the area assisted equally at any one time.

2. ESTABLISHMENT OF SAN JOAQUIN COG SJCOG

Upon the effective date of this Agreement, the ~~parties~~ Parties hereto hereby ~~establish a newly constituted~~ continue the SAN JOAQUIN COUNCIL OF GOVERNMENTS, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

The ~~newly constituted SAN JOAQUIN COG~~, as SJCOG is the successor entity to the Council Of Governments established in 1970, insofar as its predecessor entity has been designated, and insofar as legally authorized, shall continue to function as:

- a) The Area-wide Planning Organization (APO) as designated by the U.S. Department of Housing and Urban Development (HUD);
- b) The Metropolitan Planning Organization (MPO) as designated by the U.S. Department of Transportation; pursuant to Title 23 of United States Code, Section 134 (23 USC 134) and Title 49 of the United States Code, Section 1607 (~~49 USC 1607~~) 5303(b)(2);
- c) The Regional Transportation Planning Agency (RTPA) as designated by the Secretary of Business and Transportation Agency of the State of California; pursuant to California Government Code Sections 65080, et seq.;
- d) The Airport Land Use Commission (ALUC) as designated by the Board of Supervisors of the County of San Joaquin and recognized by the State of California; pursuant to ~~Chapter 4, Article 3.5 of the California~~ Public Utilities Code, Section 21670(b);
- e) The regional planning representative, as designated by the parties hereto, for the purpose of acting upon any appropriate proposals which may be presented to the ~~SAN JOAQUIN COG~~ SJCOG Board of Directors for consideration, or which the SJCOG Board of Directors may elect to take up, and for transmission of proposed recommendations to Federal, State, and local agencies, including, but not limited to the member entities of ~~SAN JOAQUIN COG~~ SJCOG.
- f) The San Joaquin County Transportation Authority as designated by the Board of ~~the Board of~~ Supervisors of San Joaquin County ~~under~~ pursuant to Section 180000 of the California Public Utilities Code;
- g) The Census Data Center as designated by the Bureau of the Census;
- h) The Congestion Management Agency for San Joaquin County pursuant to California Government Code Sections 65088 and 65089 and Title 23 of the United States Code Section 134;
- i) The Federal Clearinghouse to review federal grant applications ~~pursuant to Presidential Executive Order 12372.~~ under Section 6506 of Title 23 of the United States Code Annotated.

3. COOPERATION

The parties to this Agreement pledge full cooperation and agree to assign representatives to serve as official members of ~~SAN JOAQUIN COG~~ the SJCOG Board

or any committee or subcommittee thereof, which members shall act for and on behalf of their cities or the County in any and all matters which shall come before ~~the SAN JOAQUIN COG~~ SJCOG, subject to any necessary and legal approvals of their acts by the legislative bodies of the cities and the County.

4. MEMBERSHIP

~~SAN JOAQUIN COG~~ SJCOG shall be governed by a Board of Directors, hereinafter referred to as the ~~COG~~ SJCOG Board, which shall be comprised of:

- a) One (1) member from each of the city councils of Escalon, Lathrop, Lodi, Manteca, Ripon, and Tracy (with the Mayor and an eligible member);
- b) ~~Two (2)~~ Three (3) members from the Stockton City Council (with the Mayor an eligible member);
- c) ~~Two (2)~~ Three (3) members of the Board of Supervisors of the County of San Joaquin; and
- d) Ex-officio non-voting members acting in an advisory capacity shall be:
 - 1) The District Director from the State Department of Transportation, District X;
 - 2) A member of the San Joaquin Regional Transit District Board of Directors; and
 - 3) A member of the Stockton Port District Board of Commissioners; and

Members shall be appointed by the governing body of each ~~party~~ Party and shall serve at the pleasure of their appointing body or until their respective successors are appointed. Termination of a ~~member's~~ Party's mayor, councilperson, or supervisor status shall constitute automatic termination of that person's membership on the ~~COG~~ SJCOG Board. The appointing body of a ~~party~~ Party may appoint a new member or alternative alternate immediately upon the occurring of any vacancy in that ~~party's~~ Party's representation.

The governing body of each ~~party~~ Party shall appoint alternate members to the ~~COG~~ SJCOG Board. During the absence of a regular member from any meeting of the ~~COG~~ SJCOG Board, the alternate shall be entitled to participate in all respects as a regular member of the ~~COG~~ SJCOG Board. All members and alternates shall be duly elected representatives of their respective city councils or Board of Supervisors.

A quorum for conducting all matters of business shall be ~~six (6)~~ seven (7) members. The affirmative vote of a least a majority of the quorum present shall be required for the approval of any matter.

The ~~COG~~ SJCOG Board shall adopt rules of procedure and shall establish a time and place for regular ~~SAN JOAQUIN COG~~ SJCOG meetings. At any meeting the ~~COG~~ SJCOG Board may consider such matters as ~~its~~ it deems proper for carrying out the purposes of this Agreement, subject to the provisions of California Government Code Section 54950 et seq.

An Executive Committee shall be constituted from among the representatives of the ~~members of the COG Parties~~. The Executive Committee shall consist of five (5) members of the ~~COG~~ SJCOG Board elected by the ~~COG~~ SJCOG Board. One (1) member of the ~~COG~~ SJCOG Board shall be elected by the ~~COG~~ SJCOG Board to serve as the alternate member of the Executive Committee. During the absence of a regular member from any meeting of the Executive Committee, the alternate shall be entitled to participate in all respects as a regular member of the Executive Committee. The Chairperson of ~~COG~~ SJCOG shall be the Chairperson of the Executive Committee and shall serve on it as the representative of his/her jurisdiction. The Executive Committee shall have such powers as are not inconsistent with this Agreement and as delegated to it by the ~~SAN JOAQUIN COG~~ SJCOG By-laws or the ~~COG~~ SJCOG Board.

The By-laws of the ~~SAN JOAQUIN COG~~ SJCOG shall be those adopted following the adoption of this Amended and Restated Agreement by the ~~COG~~ SJCOG Board, and may thereafter be amended from time to time by the ~~COG~~ SJCOG Board.

5. POWERS AND FUNCTIONS

~~SAN JOAQUIN COG~~ SJCOG shall have the common power of the parties hereto to establish, administer and operate area-wide programs, and in the exercise of that power, ~~SAN JOAQUIN COG~~ SJCOG is authorized in its own name to:

- a) Employ an executive director as the chief administrative officer of the agency;
- b) Employ agencies and employees and contract for professional services;
- c) Make and enter into contracts;
- d) Operate transportation and other services and facilities;
- e) Undertake the planning, design and environmental clearance of transportation and other projects;

- f) Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary;
- g) Acquire, hold, and convey real and personal property;
- h) Incur debts, obligations, and liabilities;
- i) Accept contributions, grants, or loans from any public or private agency or individual, or the United States or any department, instrumentality, or agency thereof, for the purpose of financing its activities;
- j) Invest money that is not needed for immediate necessities, as the Council determines advisable, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code;
- k) Have appointed members and ex-officio members serve with or without compensation from the ~~SAN JOAQUIN COG~~ SJCOG;
- l) Sue and be sued, in its own name only, but not in the name or stead of any member entity;
- m) Make loans to ~~members~~ Parties for projects approved by the ~~COG~~ SJCOG Board on terms, and interest rates, and with such security, as may be established by the ~~COG~~ SJCOG Board;
- n) To operate, either directly by ~~SAN JOAQUIN COG~~ SJCOG employees, or by independent contractors, programs approved by the ~~COG~~ SJCOG Board, such as, but not limited to, ridesharing programs, freeway service patrol programs, and habitat conservation programs, including the maintenance and operation of habitat conservation lands;
- o) To provide services, including operational services, outside San Joaquin County, if fully compensated for such services, or in cooperative projects involving other public agencies; and
- p) To do all other acts reasonable and necessary to carry out the purpose of this Agreement.

The powers to be exercised by the ~~SAN JOAQUIN COG~~ SJCOG are subject to the restrictions upon the manner of exercising such powers as are imposed upon the County of San Joaquin in the exercise of similar powers. ~~SAN JOAQUIN COG~~ SJCOG shall be held strictly accountable for all funds received, held and disbursed by it.

6. EXECUTIVE DIRECTOR

The executive director shall be selected by, and shall serve at the pleasure of and upon the terms prescribed by the ~~COG~~ SJCOG Board. The powers and duties of the executive director are:

- a) To serve as the chief administrative officer of ~~SAN JOAQUIN COG~~ SJCOG and to be responsible to the ~~COG~~ SJCOG Board for the proper administration of all ~~SAN JOAQUIN COG~~ SJCOG affairs.
- b) To appoint, supervise, suspend, discipline or remove ~~SAN JOAQUIN COG~~ SJCOG employees subject to those policies and procedures, from time to time, adopted by the ~~COG~~ SJCOG Board.
- c) To supervise and direct the preparation of the annual budget for the ~~COG~~ SJCOG and be responsible for its administration after adoption by the ~~COG~~ SJCOG Board.
- d) To formulate and present to the ~~COG~~ SJCOG Board plans for ~~SAN JOAQUIN COG's~~ SJCOG's activities and the means to finance them.
- e) To supervise the planning and implementation of all ~~SAN JOAQUIN COG's~~ SJCOG's activities.
- f) To attend all meetings of the ~~COG~~ SJCOG Board and act as the secretary to the ~~COG~~ SJCOG Board.
- g) To prepare and submit to the ~~COG~~ SJCOG Board periodic financial reports and, as soon as practicable after the end of each fiscal year, an annual report of the activities of the ~~SAN JOAQUIN COG~~ SJCOG for the preceding year.
- h) To have custody and charge of all ~~SAN JOAQUIN COG~~ SJCOG property other than money and securities.
- i) To perform such other duties as the ~~COG~~ SJCOG Board may require in carrying out the policies and directives of the ~~COG~~ SJCOG Board.

7. FINANCING

- a) Fiscal Year: The ~~SAN JOAQUIN COG~~ SJCOG fiscal year shall be July 1 through June 30.
- b) Annual Financial Support: On or before April 1st, the ~~SAN JOAQUIN COG~~ SJCOG shall adopt a budget for the ensuing fiscal year

to commence on July 1, and shall submit the same for ratification to the governing body of each ~~member-agency~~ Party. Upon ratification of the proposed budget of the legislative bodies of the ~~member-governments~~ Parties, and representing at least 55% of the population within the County, ~~such~~ the budget shall serve as the approved budget for the fiscal year in carrying out the tasks within the approved work program for the year. Any amendments to the budget shall be approved by the ~~SAN JOAQUIN COG~~ SJCOG Board.

Any ~~party~~ Party to this Agreement, in the exercise of the reasonable discretion of its governing body, may, upon mutual consent of the parties Parties, provide support for the ~~SAN JOAQUIN COG~~ SJCOG, its staff, and its professional consultants, including providing such quarters, janitorial services and maintenance, supplies, printing and duplication, postage, telephone services, transportation services, and such professional and technical assistance as may be necessary to enable ~~SAN JOAQUIN COG~~ SJCOG to perform its responsibilities. All such assistance shall be provided on an at-cost basis.

Under no circumstances shall the ~~SAN JOAQUIN COG~~ SJCOG be empowered to exercise the right of eminent domain nor to levy taxes except as provided in Section 7. c) below. ~~SAN JOAQUIN COG~~ SJCOG shall apply for available State or Federal support funds, and shall make new and additional applications from time to time as appropriate. If deemed necessary, the ~~COG~~ SJCOG Board may also establish and collect filing and processing fees in connection with matters to be considered by it.

c) In its role as the San Joaquin County Transportation Authority, the ~~SAN JOAQUIN COG~~ SJCOG shall be empowered to levy and expend tax revenues authorized in San Joaquin County Transportation Authority Ordinance #91-01 and approved as Measure K on November 6, 1990 by the voters of San Joaquin County. This empowerment shall exist so long as San Joaquin County Transportation Authority Ordinance #91-01 is in effect and shall terminate when all San Joaquin County Transportation Authority Ordinance #91-01 taxes have been levied and expended.

8. TREASURER

a) The Treasurer of the County of San Joaquin shall be the Treasurer of ~~SAN JOAQUIN COG~~ SJCOG.

b) The Treasurer shall:

1) Receive and receipt all money of ~~SAN JOAQUIN COG~~ SJCOG and place it in the treasury of San Joaquin County to the credit of ~~SAN JOAQUIN COG~~ SJCOG.

- 2) Be responsible upon his official bond for the safekeeping and disbursement of all ~~SAN JOAQUIN COG~~ SJCOG money held by him/her.
- 3) Pay any sums due from ~~SAN JOAQUIN COG~~, from ~~SAN JOAQUIN COG's~~ SJCOG, from SJCOG's funds held by him/her or any portion thereof, upon warrants of the ~~SAN JOAQUIN COG~~ SJCOG controller designated herein.
- 4) Verify and report in writing as soon as possible after the first day of July, October, January, and April of each year to ~~SAN JOAQUIN COG~~ SJCOG the amounts of monies he/she holds for ~~SAN JOAQUIN COG~~ SJCOG, the amount of receipts since his/her last report, and any interest accrued to those funds.
- 5) ~~SAN JOAQUIN COG~~ SJCOG shall reimburse the County of San Joaquin for the cost of services provided by the County Treasurer to ~~SAN JOAQUIN COG~~ SJCOG upon an at-cost basis.

9. CONTROLLER

- a) The Auditor-Controller of the County of San Joaquin shall be the controller for the ~~SAN JOAQUIN COG~~ SJCOG.
- b) The Controller shall draw warrants to pay demands against ~~SAN JOAQUIN COG~~ SJCOG when the demands have been approved by the ~~COG~~ SJCOG Board and/or the ~~COG~~ SJCOG Executive Director. He/She shall be responsible on his/her official bond for his/her approval of disbursement of ~~SAN JOAQUIN COG~~ SJCOG money.
- c) The Controller shall keep and maintain records and books of account on the basis of generally accepted accounting practices. The books of account shall include records of assets, liabilities, and contributions made by each party to this Agreement.
- d) The Controller shall make available all such financial records of ~~SAN JOAQUIN COG~~ SJCOG to a certified public accountant or public accountant contracted by ~~SAN JOAQUIN COG~~ SJCOG to make an annual audit of the accounts and records of ~~SAN JOAQUIN COG~~ SJCOG. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code and shall conform to generally accepted auditing standards.

- e) ~~SAN JOAQUIN COG~~ SJCOG shall reimburse the County for the cost of services provided by the County Auditor-Controller to ~~SAN JOAQUIN COG~~ SJCOG upon an at-cost basis.

10. BOND REQUIREMENTS

The executive director and such other employees of ~~SAN JOAQUIN COG~~ SJCOG as may be designated by the ~~COG~~ SJCOG Board, shall file with ~~SAN JOAQUIN COG~~ SJCOG an official fidelity bond in a penal sum determined by the Council as security for the safekeeping of ~~SAN JOAQUIN COG~~ SJCOG property entrusted to such employee. Premiums for such bonds shall be paid by ~~SAN JOAQUIN COG~~ SJCOG.

11. PARTIES' LIABILITY

The debts, liabilities, and obligations of ~~SAN JOAQUIN COG~~ SJCOG shall not be debts, liabilities or obligations of the parties Parties to this Agreement either singly or collectively.

12. ASSIGNABILITY

With the approval of, and upon the terms agreed upon by, ~~the~~ governing body of each party Party to this Agreement, all or any of the rights and property subject to this Agreement may be assigned to further the purpose of this Agreement. Provided, however, no right or property of ~~SAN JOAQUIN COG~~ SJCOG shall be assigned without compliance with all conditions imposed by any state or federal entity from whom ~~SAN JOAQUIN COG~~ which SJCOG has received financial assistance.

13. WITHDRAWAL OF A PARTY

A party Party to this Agreement may, at any time, withdraw from ~~SAN JOAQUIN COG~~ SJCOG, following 90 days notice to ~~SAN JOAQUIN COG~~ SJCOG and all other members Parties of ~~SAN JOAQUIN COG~~ SJCOG, by resolution of intent to withdraw adopted by the governing board of the withdrawing party Party.

Upon the effective date of such withdrawal such member Party shall cease to be bound by this Agreement, but shall continue to provide financial support through the approved percentage of planning funds provided COG, as Transportation Planning Agency under the provisions of Section 99233.2 of the Transportation Development Act. ~~SAN JOAQUIN COG~~ SJCOG assets representing any accumulated capital contribution of the withdrawing party shall remain subject to ~~SAN JOAQUIN COG~~ SJCOG control, depreciation and use without compensation to the withdrawing party Party until termination of this Agreement and distribution of ~~SAN JOAQUIN COG~~ SJCOG assets.

14. TERMINATION AND DISSOLUTION

- a) This Agreement shall continue in force without specific term.
- b) If, at any time, those cities Cities and County which are members of ~~SAN JOAQUIN COG~~ SJCOG contain less than 55% of the population residing within the area of San Joaquin County, based upon the latest available population estimates by the California Department of Finance, and there are less than a majority of local governments remaining as members of ~~SAN JOAQUIN COG~~, ~~SAN JOAQUIN COG~~ Parties of SJCOG, SJCOG shall be deemed disestablished and this Agreement shall cease to be operative except for the purpose of payment of any obligations theretofore incurred.
- c) If this Agreement is terminated, all real and personal property owned by ~~SAN JOAQUIN COG~~ SJCOG shall be distributed to the Federal, State, or local funding agency or party Party to this Agreement that supplied the property or whose funding provided for the acquisition of the property unless other distribution is provided by law. Should the origin of any real or personal property be undeterminable, that property shall be disbursed to the parties Parties to this Agreement in proportion to the size of the jurisdiction as delineated in the latest California Department of Finance estimate of population.

This Agreement shall not terminate until all property has been distributed in accordance with this provision.

15. RETURN OF SURPLUS FUNDS

Upon termination of this Agreement, any surplus money on hand shall be returned to the Federal, State, or local agency or the party Party to this Agreement that provided the funds.

16. ADDITIONAL MEMBERS

In addition to the incorporated cities identified in this Agreement, any city within San Joaquin County which may hereafter be incorporated and which desires to participate in the activities of ~~SAN JOAQUIN COG~~ SJCOG may do so by executing this Agreement without the prior approval or ratification of the named parties Parties to this Agreement and shall thereafter be a party Party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

17. SUCCESSORS

This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties Parties.

18. SEVERABILITY

Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the parties intended to enter into in the first instance.

19. AMENDMENTS

This Agreement may be amended only after ~~members~~ Parties who represent both a majority of the ~~members~~ Parties and at least 55% of the population of San Joaquin County, based upon the latest population estimates of the California Department of Finance, approve the amendments.

20. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed will be deemed to be an original and all of which, taken together, will be deemed to be one and the same instrument.

21. EFFECTIVE DATE OF AGREEMENT

This Amended and Restated Agreement shall become effective when the majority of the cities and County representing more than 55% of the population of the County based upon the latest population estimates of the California Department of Finance, sign this Agreement. The population of the County for this purpose is the population of the unincorporated area.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective offices as of:

APPROVED AS TO FORM

By: _____

Title: _____

ATTEST: _____

City Clerk

MAYOR

CITY OF ESCALON

APPROVED AS TO FORM:

By: _____

Title: _____

MAYOR

ATTEST: _____

CITY OF LATHROP

City Clerk

APPROVED AS TO FORM:

By: _____

Title: _____

MAYOR

ATTEST: _____

CITY OF LODI

City Clerk

APPROVED AS TO FORM:

By: _____

Title: _____

MAYOR

ATTEST: _____

CITY OF MANTECA

City Clerk

APPROVED AS TO FORM:

By: _____

Title: _____

MAYOR

ATTEST: _____
City Clerk

CITY OF RIPON

APPROVED AS TO FORM:

By: _____

Title: _____

MAYOR

ATTEST: _____
City Clerk

CITY OF STOCKTON

APPROVED AS TO FORM:

By: _____

Title: _____

MAYOR

ATTEST: _____
City Clerk

CITY OF TRACY

APPROVED AS TO FORM:

By: _____

Title: _____

CHAIRMAN

ATTEST: _____
City Clerk

SAN JOAQUIN COUNTY

Amended March 1, 1991
Amended December 7, 2000
Amended _____, 2006

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING AMENDMENT TO THE SAN JOAQUIN
COUNCIL OF GOVERNMENTS JOINT POWERS
AGREEMENT, ADDING TWO ADDITIONAL VOTING
MEMBERS TO THE BOARD

=====

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Lodi does hereby approve an amendment to the San Joaquin Council of Governments Joint Powers Agreement, adding two additional voting members to the Board, one each from the San Joaquin County Board of Supervisors and the City of Stockton.

Dated: January 18, 2006

=====

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the Lodi City Council in a regular meeting held January 18, 2006 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

SUSAN J. BLACKSTON
City Clerk

2006-_____



CITY OF LODI COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approval of Expenses Incurred by Outside Counsel/Consultants Relative to the Environmental Abatement Program Litigation and Various Other Cases being Handled by Outside Counsel (\$94,880.75), and Approval of Special Allocation Covering General Litigation Matter Expenses (\$2,324.93)

MEETING DATE: January 18, 2006 City Council Meeting

PREPARED BY: City Attorney's Office

RECOMMENDED ACTION: That the City Council approve for payment expenses incurred by outside Counsel/Consultants related to the Environmental Abatement Litigation and various other cases being handled by Outside Counsel in the total amount of \$94,880.75, and approve Special Allocation for General Litigation Matter Expenses in the amount of \$2,324.93 to be paid from the General Fund.

BACKGROUND INFORMATION: Listed below are invoices from the City's outside counsel, Folger, Levin & Kahn and Kronick, Moskovitz, Tiedemann & Girard for services incurred relative to the Environmental Abatement Program litigation and various other cases that are currently outstanding and need to be considered for payment. A Special Allocation is required for those matters that are not to be paid out of the Water account (\$2,324.93). Deductions from the invoices are reflected in parenthesis.

Folger Levin & Kahn - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Total Amount
8001	92141	11/30/2005	General Advice/Environmental Matters	\$781.81
8002	92193	11/30/05	People v M&P Investments	12,541.80
				(407.50)
8003	92192	11/30/05	Hartford Insurance Coverage Litigation	23,602.37
				(440.00)
8005	92194	11/30/05	Unigard Insurance	1,266.50
8008	92190	11/30/05	Envision Law Group	51,655.84
				<u>\$89,000.82</u>

Folger Levin & Kahn - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Total Amount
		11/30/05	Peter Krasnoff, Expert Witness	\$3,555.00
				<u>\$3,555.00</u>

APPROVED:

Blair King, City Manager

Kronick Moskovitz Tiedemann & Girard - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Total	Distribution
				Amount	100351.7323
11233.026	223120	12/25/05	Lodi First v. City of Lodi	861.93	861.93
11233.027	223120	12/25/05	Citizens for Open Govt.v.Col	1,463.00	1,463.00
				2,324.93	2,324.93

FISCAL IMPACT: Expenses in the amount of \$2,324.93 for legal representation related to miscellaneous City matters being handled by outside counsel will be paid out of the General Fund and will be billed to Walmart for City's defense of the Lodi First and Citizens for Open Gov't. litigation).

FUNDING AVAILABLE: Water \$92,555.82
 General Fund \$ 2,324.93

Stephen Schwabauer
City Attorney

Approved:

Ruby Paiste, Interim Finance Director